Daily Report

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FBIS-LAT-91-133 *11 July 1991*

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Cairns Group Criticizes Agricultural Subsidies

PY1107004691 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 91

[Reporter Cristina Indio do Brasil from Manaus]

[Text] The Cairns Group has concluded its ninth meeting, which took place in Manaus, Brazil. Agriculture ministers from 14 countries that export agricultural products closed the ninth meeting of the Cairns Group in Manaus.

Tensions in the agricultural area have increased among the main industrial exporters, primarily because of the aggressive, uncontrolled use of subsidies for exports since the failure of last year's Brussels meeting, when it was expected that the Uruguay Round of GATT talks would be completed. This is stated in the Letter of Manaus. The letter was issued at the end of the ninth ministerial meeting of the Cairns Group, which is made up of 14 countries that export agricultural products.

In the letter, the group affirms that despite their request that subsidies be reduced, total exports of agricultural products by developed countries have increased by 12 percent since the end of last year. The Cairns Group reiterated its position that subsidies should be reduced and expressed concern about the outcome of the Uruguay Round, which will be unfavorable if negotiations prove unsuccessful.

In the letter, the Cairns Group ministers recommend that the heads of governments of developed countries, who will gather in London 15 to 17 July, personally commit themselves and instruct their negotiators to strive for understanding in the negotiations. The Cairns Group ministers affirm that there is no more time for a repetition of the good intentions that failed to materialize last year.

The letter also refers to the environmental issue, recognizing that the incorrect practice of protectionist policies has had a detrimental effect on the environment. For Antonio Cabrera, Brazilian agriculture minister, the Letter of Manaus represents a move forward.

[Begin Cabrera recording] First, it shows the unity of the Cairns Group against subsidies for agricultural exports. For Brazil, particularly, the great news is that the letter establishes a connection between environmental protection and high subsidies. Second, with regard to the obligation to service the foreign debt, if we do not export because of the subsidies developed countries grant to their agriculture sector, we will not be able to pay the debt. Third, among the reasons we gave against subsidies we included one referring to the creation of jobs, and all of them were accepted by the Cairns Group with no objections. [end recording]

The letter ends by saying that the Uruguay Round of GATT talks will not be completed if a substantive definition of agricultural issues is not attained.

Correction to Official Opens Cairns Meeting

PY1007123091

The following correction pertains to the item headlined "Brazilian Official Opens Cairns Meeting," published in the 10 July Latin American DAILY REPORT, page 1:

Page 1, column 2, second full paragraph, sentence three make read: ...approved the new informatics law, we have recognized pharmaceutical... correcting "informatics" and punctuation.

Cuba

Commentary Criticizes 'Alleged U.S. Democracy'

PA1107040891 Havana Radio Havana Cuba in Spanish 1340 GMT 8 Jul 91

[Commentary by Pedro Martinez Pirez, read by Norberto Hernandez]

[Text] Thanks to the military, political, and economic power of the United States, millions of people in the world, men and women, believe U.S. democracy is the model to follow.

Propaganda has had a respectable role in creating this international image of the United States. Even in Eastern Europe, where the unreal socialism has recently collapsed, many people are still inebriated with the alleged advantages of U.S. democracy. What is worse is that the majority of these dazed people do not really know the essence of the reigning U.S. system.

Throughout the years, U.S. governments have committed serious international crimes in the name of democracy and freedom. These crimes range from the nuclear attack on the defenseless cities of Hiroshima and Nagasaki, when Japan was no longer a threat, to the invasion of tiny Panama or the war against Iraq.

Few would dare to publicly question the United States when it unleashes wars such as those in Korea or Vietnam; supports reactionary regimes in South Africa, Israel, or in Pinnochet's Chile; or maintains colonial domination over a country such as Puerto Rico for more than 90 years.

Serious things also occur within the society of the United States that clearly contradict the democracy that U.S. leaders in Washington hold so high. The situation of blacks and American Indians, who are held hostage on their own land, and the serious discrimination against Chicanos and other Hispanic minorities are a few examples.

Many admirers of the democracy of the United State may not know that over two centuries after the signing of the Constitution, American women still do not have the same rights as men. It seems unreal that the country that calls itself the defender of world democracy has not yet managed to pass an amendment granting equal legal rights to men and women, but it is true.

The current legal system in the United States is quite odd. The U.S. Constitution was written in 1787 and approved one year later. It is the oldest of all written constitutions that are in effect today, and it has been amended only 16 times in 200 years. The other 10 amendments were adopted in 1791 and are known as the Bill of Rights. The United States, which demands changes in the legal order of all the countries of the world, is very conservative with its own Constitution, in which women are still discriminated against.

The defenders of the American legal system allege that those who wrote the text of the Constitution were, to a great extent, a product of their time and that the women of the 18th century had few legal rights. They add that it was not surprising, then, that women were not considered a part of the political body when the Constitution was written. That same argument places the U.S. democracy in a crisis; it is a democracy that has been incapable of advancing with the times in 200 years, as have many other countries that lack the economic and military power of the United States.

As incredible as it may seem, since 1823, the U.S. Congress and the various states have rejected the struggle to eliminate all real discrimination based on sex and pass a constitutional amendment—known as the Equal Rights Amendment—that grants equal rights to men and women.

These are the contradictions of the system of the United States. These are the contradictions that try to make people believe that the only ones to blame for the high degree of drug consumption in the United States are the drug-producing countries, or the contradictions that present two political parties that are basically the same—like the Republican and Democratic Parties—as essentially different options.

Commentary: U.S. Human Rights Double Standard

FL1007165191 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Jul 91

[Commentary: "Our Opinion" by Lazaro Barredo]

[Text] The anti-Cuban fever at the U.S. State Department continues to be truly unequaled and continues to reach new heights. They are capable of saying anything—their political racket turns into infantile mumblings even the most imaginative ideas—like when Robert Stevenson, in his psychological novel, tells of the split-personality transformation of virtuous Dr. Jekyll into sadistic Mr. Hyde. An example of this double standard is a recent statement made by the U.S. State Department that raises a smokescreen against Cuba's rightful rejection of the flagrant U.S. maneuvers to have a UN human rights observer sent to Cuba. Not because we have anything to hide, but because in defense of our right to self-determination we refuse any initiative drafted by the United States, which as everybody knows is furiously aggressive against the revolution.

The essence of this statement—which imitates the behavior of the virtuous Dr. Jekyll for the sake of the international opinion—is, and I quote: This shows Cuba's isolation from the world community and its continuous rejection of international human rights guarantees. End of quote. We are astonished by this absurd statement about Cuba's isolation. Who in his right mind can pronounce such stupidity if not the Americans? And it comes just a few days before the presidential summit in Guadalajara in which the great majority of the Latin

American leaders coincide on the need for Cuba's participation as recognition of our constructive and integrationist policies toward Latin America.

I believe that the State Department, in its frenzied delusion, instead of offending Cuba, is refusing to acknowledge the wishes of the Latin American leaders. Such a lack of judgment proves how the United States, in its pursuit of world domination, underestimates our regional leadership capabilities. Yet, what I find most significant about the statement is how the sadistic behavior of this imitator of Mr. Hyde is camouflaged for the international public opinion. Can the illustrious makers of U.S. foreign policies truly speak of international human rights laws when it comes to Cuba?

I am not going to emphasize the permanent state-terrorism implemented against Cuba by the United States. I believe that the 30-year-old economic blockade and the whole legal scaffolding that the U.S. leaders have created against a country with which they are not at war, is enough evidence. They prohibit all forms of trade, even access to food and medicines, relentlessly continue to block economic relations with other countries, and try to submit us at all costs. These actions disqualify them as spokesmen of international rights. U.S. backing of antipatriotism among weak parts of Cuban society is equally immoral. So are the repeated violation of accords and agreements signed with the Cuban Republic. For example, noncompliance with the emigration agreement to foster domestic unrest—historically, this emigration has been economic in nature—and the United States also backs illegal departures for propaganda purposes disregarding the risks so many people face.

I cannot imagine what Stevenson might have thought of this (?behavior) but I am sure that when he wrote his novel he could not have imagined that the split personality affliction of his main character would be assumed by a super power a century later. After 32 years we have become accustomed to the constant presence of this monstrous Mr. Hyde, which tries and tries but cannot become Dr. Jekyll again. He is blocked by the travesty of high-level American politics.

Castro Meets Liberal International President

LD0607151191 Madrid RNE-1 Radio Network in Spanish 1400 GMT 6 Jul 91

[Text] The Executive Committee of the Liberal International is meeting in Berlin. The Liberal International is an organization that could play an important mediating role in the Yugoslav crisis. The president of the Liberal International is Adolfo Suarez of Spain: the Slovenian and Croatian leaders believe that they could learn very positive lessons from Spain's transition to democracy. In any event, Adolfo Suarez is not in Berlin but in Cuba, meeting with Fidel Castro. We now have a report from Jesus Martinez, in Berlin, on the meeting of the Liberal International in what is going to be the next German capital:

[Martinez] The absence of Adolfo Suarez from the meeting of the Executive Committee of the Liberal International here, in Berlin, has been justified by a very important meeting that he is having in Cuba with Fidel Castro. In Liberal International circles, it is supposed that the subject under discussion will be the reform of the regime of Fidel Castro and even the possibility of the exile of the top Cuban leader. Meanwhile, we have been told that Adolfo Suarez has offered his good offices and his experience in the democratization and decentralization of the state to the Yugoslav authorities.

Silence' on Suarez Visit

PA1607162291 Madrid EFE in Spanish 2328 GMT 9 Jul 91

[Text] Havana, 9 July (EFE)—The visit of former Spanish Prime Minister Adolfo Suarez to Cuba since 7 July has been shrouded in almost total silence by the media.

Suarez declared upon his arrival in Cuba that this was a private personal visit to talk with his "friend," Cuban President Fidel Castro.

Since then, any attempt to learn the slightest detail about his 48-hour stay on the island has been unsuccessful and no Cuban media has reported the presence of the Spanish politician.

Cuban sources consulted by EFE have stated that Suarez himself had said he did not want this visit to receive any publicity. Nevertheless, given the approaching Ibero-American "summit" of presidents and heads of state that will take place in Guadalajara (Mexico) on 18-19 July, this visit has raised great interest.

Spanish King Juan Carlos and Spanish Prime Minister Felipe Gonzalez will be attending the summit.

There have been no reports on Suarez' agenda prior to his meeting with Castro, which took place [tuvo lugar] a few hours before his return to Madrid.

Cuban sources have termed the Suarez visit to Cuba at this time "very positive." Adolfo Suarez is president of the Liberal International.

Suarez was accompanied on his visit to Havana by Spanish Democratic and Social Centrist deputy Raul Morodo.

The former Spanish prime minister has been in Cuba in 1978, one year after his appointment as head of the Spanish Government; subsequently he visited Cuba in 1984 when he met with Fidel Castro.

DPRK Hosts Solidarity Month Activities

FL1007195491 Havana Cuba Vision Network in Spanish 1700 GMT 10 Jul 91

[Text] The DPRK today began a month of activities on solidarity with Cuba. Cuban Friendship Month started with a political ceremony at the meat products factory in (Kyongsong). Juan Jose Leon, Cuban ambassador to the DPRK, was in attendance

Next week an exhibition of photographs of Cuba will be inaugurated in Pyongyang. On 25 July, the main ceremony celebrating the 38th anniversary of the Moncada Barracks attack will be held at the theater of the unions. Among other activities, Cuban diplomats and advisers in Pyongyang will tour historic sites, hold friendly meetings, and participate in a closing ceremony to be held at the Friendship With Cuba Textile Factory.

Western Region DAAFAR Holds Maneuvers

FL1007121691 Havana Tele Rebelde Network in Spanish 1100 GMT 10 Jul 91

[Text] The ministerial inspection of the DAAFAR [Antiaircraft Defense and Revolutionary Air Force] Western Division has concluded satisfactorily. The skills and abilities acquired by the combatants of that type of armed force in their training phase were shown during the tactical maneuvers. The division's forces, assets, and other specialists participated in the exercises. The radio operators, antiaircraft artillery troops, and air force fulfilled their respective missions.

Simulated bombings and landings of airborne troops were carried out. In the face of the simulated invasions, the pilots, radio operators, rocket launchers, flight crews, and other specialists responded effectively. The invasion was successfully repelled with live fire. All safety measures were strictly observed at our firing ranges, which were the setting for the maneuvers. The maneuvers contributed to raising the levels of training and readiness for defense reached by the DAAFAR Western Division.

Bolivian Military Delegation Tours DAAFAR

FL1107014791 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 11 Jul 91

[Text] Today, the Bolivan military delegation visiting Cuba toured Antiaircraft Defense and Revolutionary Air Force [DAAFAR] units. While at the DAAFAR General Staff headquarters, the members of the mission visited the Ruben Interian livestock-agricultural farm where there are areas devoted to growing food and vegetables as part of the self-sufficiency program.

The excellent level of preparation by the combatants in this section of the armed forces was demonstrated in the Casa de la Guardia Air Force Base, Giron Beach, where the delegation witnessed a demonstration flight. The members of the delegation were interested in learning details of the training received by the pilots that fly these planes. [video shows planes in flight and pilots leaving the planes] Later, they received an explanation on the characteristics of the technology used by the units at large.

Upon completion of the tour, Division General Oscar Escobar Quiroga, chief of the General Staff of the Republic of Bolivia Army, emphasized that the members of DAAFAR are ready and well trained to complete their missions.

International, Domestic Tourism Discussed

FL1007173191

[Editorial Report] Havana Cuba Vision Network in Spanish at 0100 GMT on 10 July carries its "Open Agenda" program on tourism in Cuba, with host Hilda Prieto and guests Rafael Sed Perez, the president of the National Tourism Institute; Abraham Massiques, the president of the Cubanacan Corporation; and Nelson Barrera, a Cuban television correspondent in Matanzas.

The program opens with recorded remarks by Dominican Republic Tourism Minister Andres Van Der Horst on Cuba's great potential for tourism, with the income this would give the country. Prieto then quotes from a 1990 report by the National Assembly of the People's Government: "With the completion of new construction projects, it will become possible to increase the supply for national tourism in the low seasons of foreign tourism." Prieto adds that about 3,500 new rooms were added in 1990 and asks why Cubans continue to have problems getting access to tourist facilities.

Sed Perez answers by first summing up the situation of international tourism, saying: "In the case of the Caribbean and Central America, in 1990 about 20 million tourists came, about 20 million tourists came. [repeats] In the case of Cuba, we only had a share....[rephrases] Our share did not reach 2 percent of that movement towards Central America and the Caribbean." He says further that: "In 1980 we received about 172,000 tourists, and in 1990 we received 340,000. We hope, with the effort we have been making, with what you have said about the number of rooms that were completed, which were more than 3,500 rooms, to be able to exceed the figure of [illegible],000."

Turning to the question of occupancy, he says: "In the inland part of the country, over 80 percent of occupancy is by domestic tourism; that is, in almost all the provinces. There are even provinces that have 95 or 97 percent occupancy by domestic tourism." After Prieto repeats the question about Cubans' lack of access to unoccupied capacity at international tourism facilities, Sed Perez states that this happens only in Havana and Varadero, because some rooms must be kept in reserve. He explains that it sometimes happens that departing plane flights are cancelled and those tourists must still have somewhere to stay.

Asked about occupancy rates, Sed Perez replies: "The general average in the country is above 75 percent. We have hotels at 85 percent. We have hotels at 90 percent." Sed Perez goes on to say: "I think that our people will not forgive us if we do not do everything we need to do to obtain, to try to obtain, an increase in our hard-currency income in order to contribute to all the efforts the country is making in all areas."

Massiques then reviews the history and purpose of Cubanacan, and its efforts to develop new tourists centers, especially in the eastern region. Prieto asks if

Cubanacan has plans to increase the rooms offered to Cuban tourists. Massiques replies: "All these facilities we are developing have the fundamental objective of attracting international tourists and obtaining considerable hard currency income, since the country needs it now more than ever. This does not mean that this capacity we are developing cannot also be used by Cuban tourists at certain times of the year. We can tell you that right now, in 1990, we had 60 percent of our capacity occupied by international tourists and 40 percent by Cuban tourists."

Recorded statements by Alfredo Perez, the president of the Gaviota Corporation, and Miguel Herrera, the director of the People's Camping Enterprise, are then shown. Perez explains the development plans for his corporation, which was formed to attract upper-end international tourism. Herrera discusses the number and types of camping facilities available for Cuban tourists, and efforts to modernize the more primitive kinds.

Sed Perez then explains the allocation of vacation trips through the Cuban Workers Federation, CTC; the National Association of Small Farmers; and the Union of Young Communists. He says that the number of tours and excursions has been reduced due to special period conditions. Massiques adds that Cubanacan also offers its excess capacity to Cubans through the CTC and various provincial organizations. In response to viewers' comments that the CTC allocations are not made equally to all work centers, Carlos Campos, head of the CTC Social and Labor Affairs Department, makes a recorded statement, saying: "Of course, it is not possible that the capacity we have would be enough for even a representative percentage of the workers." He explains that the most outstanding workers are given priority.

Returning to the subject of international tourism, Carlos Pereda, the Spanish general manager of the Sol Palmeras Hotel in Varadero, is shown in a recorded statement in which he says that the Spanish partners in this joint venture have been satisfied with the results of their work, and he praises the quality of the workers. Massiques states: "I think that the joint ventures are increasing. We have great plans and, I repeat, this is based on the confidence they have that the investments they are making in Cuba will be highly profitable. They are also taking into account the advantages Cuba has in tourism. These advantages are basically its natural beauty, and the Cuban people's hospitality. They are also based on the safety of tourists in our country and the level of health the people have reached."

In response to viewers' questions on what can be done if they want to take a foreign guest to a restaurant or bar, Sed Perez says: "We initially had regulations, which are being applied right now, but we have come to the conclusion that....[rephrases] The regulations are now being revised so we can provide this service, offer this, to those scientists and cultural and sports officials who really need and deserve for us to find a better solution for them."

The program ends with interviews with a Spanish tour operator and various foreign tourists, who praise the facilities and the Cuban people they have met.

* Sol-Palmeras Manager on Hotel Operations

91CA0170A Havana BOHEMIA in Spanish
10 May 91 pp 13-17

[Interview with Carlos Pereda Navarro, Spanish manager of the Sol-Palmeras Hotel in Varadero, by Fernando Davalos; place and date not given; first paragraph is BOHEMIA introduction]

[Excerpts] The Spanish manager of the Sol-Palmeras Hotel in Varadero comments on the first year of the joint venture and announces combined operations totaling $150 million. [passage omitted]

[Davalos] Does your home office run Sol-Palmeras in Cuba?

[Pereda] Not directly. This first Cuban hotel that is managed together with Spanish interests is run by a joint venture consisting of Cubanacan and the Sol-Mella chain. It is called Cubacan S.A., and the shares are fifty-fifty.

The Sol-Mella "Mystery"

[Davalos] Does the Sol group represent Majorcan interests?

[Pereda] No. The consortium consists largely of Canary Islands capital.

[Davalos] Under what terms has this first experiment in joint Cuban-Spanish management in tourism been conducted?

[Pereda] All dealings and transactions, including the taxation arrangements, have been conducted under the agreements of principles between the Cuban and Spanish partners, in accordance with the Cuban Government, and under Decree-Law 50 of February 1982 concerning financial partnerships with foreign firms.

[Davalos] How large is the Sol chain? How many hotels?

[Pereda] It operates 165 hotels, most of them in Spain, but also in Indonesia, Mexico, Cuba, Santo Domingo, Moscow, Brazil....

[Davalos] Why are there "Sol" hotels and "Mella" hotels?

[Pereda] The word Sol is usually used with the three- and four-star hotels that we run, and Mella with the five-star ones.

There are the Sol-Palas Atenea in Majorca, the Sol-Los Galgos in Madrid, and the Sol-Palmeras in Varadero, which are four stars, and we have the Mella-Puerto de la Cruz in Venezuela and the future Mella-Varadero itself, which are five stars, to mention just a few.

[Davalos] I should have begun by asking you how business has been with Cuba. Has it been profitable? Could it be better?

[Pereda] Business with Cuba is good for everyone. Better? Impossible! We are doing well, and both sides are very pleased. Actually, the results this first year are in keeping with what we expected and, in some cases, even better.

We can say that Sol-Palmeras has had no "break-in" period. It has entered the market in a big way, even though this is its first year.

[Davalos] How are the profits from the business distributed?

[Pereda] In accordance with the bylaws of the joint venture that was established previously, I almost said it before: fifty-fifty. [passage omitted]

[Davalos] Do you feel that your Cuban comanagers are backing you up?

[Pereda] We have gotten along magnificently. Every day there are so many things to do (from saying good-by to a VIP to checking whether the garbage has been taken out) that duties have to be shared. Without the cooperation of our Cuban partners it would not be possible to run a large place like this, nor could we achieve the fine results that we have.

We also receive this "shoulder to shoulder" support from the general management of Cubanacan and from the highest bodies of the Cuban Government. I should also underscore the assistance from the party in the province of Matanzas and in the municipality of Varadero.

[Davalos] And what about from the union and political organizations at the hotel?

[Pereda] The union, the group from the party, and all of the workers have furnished the required support.

[Davalos] Why has so much decision-making power been concentrated in management, specifically in you? Has this really worked?

[Pereda] This is the case, in the first place, because we have confidence in our professionalism. Moreover, we ourselves are evaluated periodically by our superiors, besides which this "power" that we have is monitored too.

I said before that the main decisions are made by consensus, but there is something even more important: these decisions are always designed to secure the best quality service. We work within a budget, which means that we do not "wing it." We have goals to achieve, and these budgets cover everything from what we can spend to what we can buy.

This power is not arbitrary or out of control.

[Davalos] But isn't a bit of flexibility, shall we say, needed too?

[Pereda] Obviously. Management has to be flexible, depending on the circumstances, but forceful as well. With very clear objectives and goals. Otherwise, I do not think that the work cannot get done.

We have to forget about paternalism and false objectives, which can divert us from our course.

[Davalos] You mentioned that the company is evaluated periodically.

[Pereda] From time to time advisers come from our headquarters in Palma de Majorca, from various departments, to see how things are going, to instruct, to recycle personnel. They came four times during our first year of operations; they evaluated us, and the findings were good. And this method of giving advice will continue indefinitely.

Full From the Start

[Davalos] How much of your capacity has been utilized?

[Pereda] We have been virtually full from the start. We have had no "slowdowns" nor have we learned the hard way. We got off and running...and have kept going in style. The average hotel occupancy has been over 86 percent, which is considered optimal by international standards. But we are working to improve this index even more. International tourism is not "seasonal" in Cuba because its climate is quite stable.

[Davalos] Does this mean that there are growth prospects?

[Pereda] Exactly. This hotel operation will soon become a major complex here in Varadero, one with around 2,500 beds and with investments of over $150 million.

The next step will be the opening of the Mella-Varadero, a five-star hotel, this December. It will have 490 rooms. We also have more than 200 bungalows already available next to the Sol-Palmeras. And we are building the big Mella-Las Americas, with 250 luxury suites, and an 11,000 square meter shopping center with 26 stores, 12 restaurants, a large conference room, and other services.

[Davalos] Is there a market for these huge capacities?

[Pereda] Our company is very much involved in the European tourist market and has been getting into the U.S. and Canadian market for the past two years, as we run several hotels in the Caribbean. In the case of Sol-Palmeras, we have been working on Canada through Cubanacan, which has great prestige there.

At present Sol-Palmeras does its tourism contracting directly with the Canadian tour operators, and in its first year 65 percent of its guests were from there. The rest are European, mainly from Germany and Italy.

[Pereda] Not many Spaniards are coming, are they? Are you the only Galician here?

[Pereda] No. Starting in early May we are going to have a weekly charter flight from Madrid direct to Varadero.

And I will have you know that I am not the only Spaniard at Sol-Palmeras. Linares, who is from Malaga, and Jordi Alsin, a Catalan from the Sales Department, work with me.

Eighty-Four Percent Satisfied

[Davalos] There has been a veritable flood of tourists. Have there been complaints?

[Pereda] Categorically not. Some visitors make suggestions, which are greatly appreciated and aim at improving our management. They would like more stores, more discotheques, more restaurants. But they leave happy and have a good impression because they are offered clean beaches, sunshine, peace and quiet, and good service. We know how they feel.

How? We give questionnaires to many guests, who answer them voluntarily before they check out. The forms are left in the room, and they fill them out. In our first year of operations we have surveyed 40 percent of the guests, and the level of satisfaction is 84 percent, which is considered very good by international standards.

It would make no sense, however, to deny that there have been problems, especially because the staff lacked experience and we were just starting out. But we have been successfully overcoming all of them, and I must say that we will not have the same problems in our upcoming projects.

[Davalos] How would you describe the service at Sol-Palmeras?

[Pereda] As the normal service at a four-star hotel, although we realize that there are some things that we can improve. We cannot forget that aside from our services we are training virtually all of the staff working at the hotel.

To be satisfied with what we have done would be inappropriately smug. We are just beginning, and although things are going well, they will have to go better. Our "golden rule" here is to serve the customers well. This means that we must give them all that we have promised and something more, such as friendly, courteous treatment. This does not, of course, mean that guests are not supposed to behave properly.

For the Sake of Quality

[Davalos] What do you think of the Cuban staff at the hotel?

[Pereda] They are intelligent people who are very willing to work and improve, with a strong desire to do things well.

[Davalos] But some have not measured up at Sol-Palmeras.

[Pereda] It bears noting that some have fallen by the wayside. Either because they could not stand the pace of work, because they did not adapt to the company's system, or because they preferred to change jobs. Or else because they had to be removed for breaking our rules. But this is a minority, and they have never left on a whim, because of an injustice or on their own. The reason has actually been a violation of our own rules and Cuban laws, which means dismissal from the hotel.

When such decisions have been necessary, we have consulted at length with all of the components at the hotel, including the union, the party, and the Base Committee of the UJC [Union of Young Communists].

[Davalos] And what options does someone who has left under these conditions have?

[Pereda] He can go to the Cubanacan agency that sends us personnel. He can even appeal. But since we make our decision by consensus, he will never be returning to the hotel.

The principle of having suitable staff is observed here from the beginning and must be respected for the sake of quality service.

[Davalos] What are the grounds for dismissing a worker?

[Pereda] There are things that cannot be ignored. Theft is not forgiven. We do not talk things over with a thief. We also monitor attendance and punctuality, and someone can also be dismissed for poor work, always after trying hard to correct the problem.

[Davalos] What is the staff like at Sol-Palmeras? What is their greatest virtue? What is the average age, level of education?

[Pereda] Seventy-two percent are very young. The average age is 26. The requirement, the most praiseworthy virtue, is liking one's job. Loving what you do. It is true that these jobs can be viewed many ways: as temporary, as a vacation, etc. But only those who love them, who identify with them will get ahead.

The hotel has 320 workers, and 80 percent are university graduates, with the rest having gone through 12th grade. We operate with a broad profile, although each has his specialty, which is a positive international trend. Naturally, owing to the characteristics of our joint venture, wages are comparatively higher than elsewhere. At present we pay our workers a 13th month of wages every year, and as is customary they get board, clothing, and transportation.

More Than 38,000 Guests

[Davalos] There is one question that I have not asked you, and I fear that it is a "company secret." How many guests has Sol-Palmeras had?

[Pereda] That is no secret. By May 10, when we celebrate our first anniversary, we will be topping 38,000.

And I will tell you more. Our visitors spend an average of some $70 a day, including the tourist package (room and

other services in the contract) and extras. I have to say that this range is considered very positive.

Based on my experience and the information from other hotels around the world that are comparable to Sol-Palmeras, I can say that this average is among the best in the world for its category.

[Davalos] Personally speaking, what have Sol-Palmeras and Cuba meant to you? I understand that you are moving on.

[Pereda] I have been put in charge (Carlos smiles, as if surprised) of opening up the big Mella Varadero (the hotel that is known today as "los petalos" [the petals]), and I am taking Julio Fernandez along with me. I will be close by the Sol-Palmeras.

As for what this experience has meant to me, I must tell you that I have felt very welcome from the beginning. Today I identify fully with the way that Cubans feel and think, and if we get along so well, it is because there is reciprocity.

In a nutshell, we think and feel just like the Cubans and we are after the same goal, which is quality service, to thus help strengthen tourism in Cuba.

Dominican Republic

Balaguer: Indefinite Strike 'Declaration of War'

FL0907172891 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 9 Jul 91

[Text] The president of the Republic last night asked the organizers of the strike to avoid violence during the strike, which began today. Dr. Joaquin Balaguer spoke to the country at 2315 [0215 GMT]. After the first nine minutes, his talk was devoted to considerations of a civic nature.

The head of state asserted that a strike called for an indefinite time period is equivalent to a declaration of war. Balaguer stressed that the government accepts the challenge and is ready to repel this and added: I do not think this is the right way. This is not the most suitable thing for the country and for democracy.

The head of government warned that the basic demands of the protest cannot be met, because the country has been limited by the agreement signed with the IMF. Balaguer recalled that he has ordered a 20-percent increase in the salaries of public servants, and that he believes this is fair and equitable. The head of state was emphatic when he stated that the government needs the support of the public servants, and he said that they themselves are going to need the government's support. Balaguer said: Let them go on strike, then, if they want to go on strike; but let us be extremely moderate this time and hold on to the rights that belong to us.

Security Services Alerted

FL0807174591 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 8 Jul 91

[Text] State security services are maintaining a nationwide alert in the face of the threat of a politically conspired strike. This information was confirmed in a communique from the State Secretariat of Interior and Police, which also gives details on the measures that have been adopted to guarantee the security of state and private property.

The official declaration, signed by Dr. Attilio Guzman Fernandez, indicates that the Armed Forces, the National Police, and the official investigative agencies are working in a coordinated fashion. The state security services are ready to protect public and private property from any disorder that may possibly occur during the strike, scheduled to begin tomorrow, according to the communique.

The secretary of interior and police warns the sponsors of this stoppage that all the state defense organizations and the entire state security machinery are ready to fulfill their function of preserving order and safeguarding public and private property. The communique says that the constant strike calls seek to destabilize the government through pressure. We encourage businessmen, professionals, workers and the general population to not let yourselves be intimidated by the psychological terror campaign being used by the sponsors of this strike movement.

Businesses Closed on First Day

FL0907135691 Santo Domingo Radio Mil Network in Spanish 1302 GMT 9 Jul 91

[Relayed report by correspondent Frank Rosario from a mobil unit in Estaya neighborhood in Santo Domingo—live]

[Text] Total calm reigns in neighborhoods in the eastern and northern parts of Santo Domingo, but all businesses are closed. So far no outbursts of violence have been noted in any of these neighborhoods, not even the burning of tires that occurred on previous occasions. There is extensive but discreet patrolling. A large number of yellow buses can be seen providing public transportation under military protection. No incidents have been reported from neighborhoods prone to violence like Capotillo, Simon Bolivar, 24 April, 27 February, (Los Mina), and others of the eastern and northern sections of the capital. The people remain calm and everything seems normal. People have gathered in front of their homes to watch the day unfold.

To recap, eastern and northern neighborhoods in the capital are calm. Businesses have complied completely with the call to strike for an undetermined amount of time. The strike has been called by a group of unions and

professional associations. So far, no outbursts of violence have been reported in any of these neighborhoods. Transportation is being provided by yellow buses under military protection.

'Absolute Normality' Reported

FL0907172591 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 9 Jul 91

[Text] A climate of absolute normality can be observed in Santo Domingo in the initial hours of the national strike called by opposition parties and peripheral groups. Vehicular traffic is travelling normally on all the major commercial streets in Santo Domingo, with many buses, minibuses, and even small cars. Public transportation buses in some areas of the northern section are being protected by armed soldiers, while businesses are beginning to open their doors.

In the early morning, reporters were unable to evaluate the position of the major stores, since they usually open later in the morning. A large number of the stalls of fruit and vegetable vendors at key points in the capital have been open since dawn, as are the mobile coffee shops installed in various places. The presence of the military is obvious at the Duarte, (Santis), and Mella Bridges.

Soldiers can also be seen in front of radio and television stations in Santo Domingo. The physical facilities of Radio- Television Dominicana were virtually militarized last night, and special troops are protecting its radio and television installations. The National Police reported a few minutes ago that they had had no reports of violent actions or bloody confrontations in any of the 40 residential districts on the outskirts of Santo Domingo.

Streets Deserted; No Incidents

FL0907174491 Santo Domingo Cadena de Noticias in Spanish 1644 GMT 9 Jul 91

[Relayed report with correspondent Henri Garcia in a mobile unit in Santo Domingo—live]

[Text] The strike called by the United Workers Federation [CTU] is being fully observed in a wide area of Santo Domingo that we have driven through this morning. We were able to observe that all businesses are closed and vehicular traffic has been reduced to a minimum. All smokestacks and industrial machinery in the factories located in the Herrera industrial zone are totally paralyzed.

In the roads entering Santo Domingo, the roads from El Cibao as well the roads from the southern part of the country, we were able to observe a complete reduction in passenger traffic between the two areas of the country.

Until this moment, the strike has been carried out calmly and no incidents between strikers and policemen have been reported in the first few hours of the indefinite general strike called by the CTU and other labor and professional organizations.

Police agents armed with automatic weapons are seen patrolling the Cristobal area to prevent incidents. Regular troops are concentrated in areas where incidents have historically occurred, mainly barrios located near the Sanchez highway. The highly populated area of Herrera is calm although all commercial establishments are closed.

The only noteworthy incident that has occurred in the area was an accident when a soldier suffered burns while on guard at an Esso gas station at km-11 marker on the Duarte highway. The soldier was rushed to the Armed Forces and National Police Central Hospital where he received medical attention. His identity is not known.

At noon today the streets of the western area of Santo Domingo appear deserted and there are only a few empty buses and military and press vehicles driving around. The complete absence of pedestrians and private vehicles demonstrates that the general strike has been totally observed.

We repeat, the strike called by the CTU is total in a wide zone of the eastern portion of Santo Domingo observed by this reporter about noon today.

Strike 'May' End 11 Jul

FL1007172191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 10 Jul 91

[Text] The strike begun yesterday as an indefinite stoppage may end as early as tomorrow, 11 July, according to its organizers who spoke yesterday in a press conference. Jacinto de los Santos, speaking for the strike committee, while reading the second bulletin of that group at 1700 yesterday, said that in light of recommendations by the Business Retailers Federation, some editorialists, and other personalities, we agree to limit the first phase of this movement to a duration of 48 hours.

In Santo Domingo business and industrial activities were limited to the minimum. Commercial banks were open even though the heightened security measures were visible. Small businesses were open as usual, attending clients just like every day. Public transport service was limited to the yellow buses, the so-called (Vanderitas). Government offices near the Heroes Plaza observed a normal work schedule.

Las Matas de Farfan Violence

FL1007181391 Santo Domingo Radio Mil Network in Spanish 1733 GMT 10 Jul 91

[Relayed report with correspondent Claudio Montero from Las Matas de Farfan—live]

[Text] Calm has been restored on this second day of the national stoppage after a night in which the barrios saw confrontations between youths, who demonstrated and

burned tires, and police-military patrols who, ultimately, dispersed them with rifle fire.

Housewives in the barrios of Via Esperanza, 19 de Marzo, Los Transformadores, and La Estrelleta told Radio Mil that they experienced a night filled with terror as hundreds of rocks were thrown and gunfire from the mixed police and army patrols was heard in the streets.

Concerning the strike, people seeking services at state offices is reduced to zero. Public transport is totally paralyzed. Farming activity is also reduced. All businesses are closed.

A similiar situation can be seen in Elias Pina Province and in El Cercado according to what we were able to learn. Professor Fransisco Abreu, spokeman of the strike committee in Las Matas de Farfan, declared this morning that the situation is getting worse after the local hospital had more than 30 nurses, on strike for over two months, called in absent. He called upon the people of Las Matas de Farfan to be calm and support the current nationwide strike.

Businesses Stay Closed

FL1007230491 Santo Domingo Cadena Brea Pena in Spanish 2100 GMT 10 Jul 91

[Excerpt] Today, stores remained closed in Santo Domingo. A stoppage of activities was also noted in private enterprises. Commercial establishments were closed in all of Santo Domingo's neighborhoods. This included hardware stores, beauty shops, and boutiques. Now and then some housewives could be seen knocking on the doors of grocery stores, asking to buy goods. [passage omitted]

Traffic Nonexistent

FL1007225691 Santo Domingo Cadena Brea Pena in Spanish 2112 GMT 10 Jul 91

[Text] Traffic continues to be practically nonexistent in Santo Domingo today. Only in some main avenues could public and private vehicles be seen circulating. Traffic was limited to official or private vehicles and some buses. Only a few private vehicles and small buses could be seen on 27 de Febrero Avenue, which is usually the one with heaviest traffic. Fewer public buses were circulating today perhaps because of the lack of passengers.

Violence in Santo Domingo

FL1007221291 Santo Domingo Cadena Brea Pena in Spanish 2115 GMT 10 Jul 91

[Mobile unit report by Victor Bautista]

[Text] Calm returned to Santo Domingo's Capotillo and Simon Bolivar neighborhoods after violent incidents took place between youths from the two sectors and National Police members. Some 35 youths were arrested as the result of the incidents. Many of them were violently hit. The effects of the tear gas thrown in the Simon Bolivar sector can still be felt. No National Police members were wounded during the clashes. During the incident, many youths, minors among them, were removed from their homes.

The first incidents took place in Capotillo yesterday when three men, members of the Christian Social Revolutionary Party, shot at and wounded Giovanni Garcia.

We, repeat, calm returned to the Capotillo and Simon Bolivar sectors of the capital after violent incidents between youths from those sectors and National Police members. As a result of the incident, some 35 youths were arrested. Many of them were violently attacked.

Businesses Criticized

FL1107000191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 2130 GMT 10 Jul 91

[Station editorial: "Unjustified Fear or Complicity?"]

[Text] The closure of certain commercial establishments, especially big supermarkets, without any indication that they have been pressured to join the general strike, indicates one of the two following situations: an unjustified fear and lack of trust in the guarantees that the authorities offer or an implicit complicity with the promoters of the strike.

Each national stoppage that is announced—our country has the little enviable record on this—and complied with in such a way, makes the enterprise sector look suspicious. They would be the greatest ones harmed with a change of institutional winds.

After making millions in sales by benefiting from the strikers' blackmail, the supermarket owners are the first ones to submit with suspicious docility to the pressures that include considerable cash donations.

For any casual observer of national events, the behavior of the owners of the large commercial establishments—most of them foreigners—means that they want to be in good terms with God and the Devil. From all points of view, this is a reproachable behavior inasmuch as most of those businessmen need to be aware that the government presided over by Dr. Joaquin Balaguer is established on firm and steadfast foundations and that, as the chief of state has stated, the challenge the labor union leaders and political adversaries have launched is the fever of wet chicks.

The legitimacy of this government is beyond any consideration and to take away the moral support that legitimacy requires is an unjustified inconsequence. Do the supermarkets close their doors and stop their activities because they are yielding to the strikers' blackmail or is it that there is a tacit complicity between them?

Tear Gas Causes Death

FL1107014491 Santo Domingo Radio Mil Network in Spanish 2325 GMT 10 Jul 91

[Mobile unit report by Oscar Pena from Capotillo, Santo Domingo—live]

[Excerpts] A young man who suffered from respiratory problems died this afternoon as a results of the effects of the tear gas used during clashes between protesters and policemen in the Capotillo neighborhood. The victim was 23-year-old Carlos Rafael Gaboa. The young man was with his wife in his home located at 21 6th Street in Capotillo when the clashes between the protesters and police began. His sister, Maria Miguelina, said that as soon as the police began to throw tear gas his brother began to suffer from suffocation symptoms. He was taken to the Francisco Moscoso Puello Hospital where he died.

Carlos Rafael Gaboa was a cab driver but was recovering from respiratory problems. [passage omitted] Carlos Rafael Gaboa is the first victim of the strike that has been going on for 48 hours. [passage omitted] The Capotillo neighborhood is calm again but some burnt tires can still be seen. The intense police patrol present this afternoon is no longer observed. [passage omitted]

Reportage on President's Visit to Italy

WA1007120291

For reportage on the visit by President Carlos Salinas de Gortari to Italy, including reports on his talks with top officials, please see the Italy & Vatican City section of the 9 July West Europe DAILY REPORT and subsequent issues.

Results of Tour

PA1007174791 Mexico City XHTV Television Network in Spanish 0200 GMT 9 Jul 91

[Text] President Carlos Salinas de Gortari attended important activities over the past weekend during his working tour of Italy.

On 6 July, Salinas met with Italian businessmen and industrialists. In Ibrea, the president visited installations of the Olivetti Company, a prosperous Italian corporation. Salinas also visited Venice, where he traveled to the Mignano Resort to attend the signing ceremony of an agreement between Mexico and Italy to build the Venice of the Caribbean in Cancun. This agreement establishes a substantial investment and financing by Italian enterpreneurs and bankers totalling $1.5 billion. They will reportedly transform Cancun in two years.

The investment will be made by businessmen of the tourist area of Lignano, on the Adriatic Sea. According to the design, 20 km of channels will be opened in Cancun for tourist navigation. In addition, a port with a capacity for 1,500 ships will be built, as well as 12 hotels with over 5,000 rooms, one congressional palace, markets, golf couses, and one hospital.

President Salinas de Gortari met privately and had lunch with Gianni de Michelis, Italian foreign affairs minister. Salinas traveled many times in the traditional Venetian vaporettos, which continuosly cross the canal from the Marco Polo Mestre Airport to Venice.

At approximately 2000 on 6 July, the president arrived in Rome on the last leg of his working tour, with specific investment projects totalling nearly $5 billion from Germany and Italy.

Today, the president opened an exhibit of the Zapoteca and Mixteca cultures in Rome.

Mexico is experiencing a period of economic strength, which has not been seen in many years. This will be a record year for foreign investments, which opens real possibilities for the improvement in the Mexican standard of living. President Salinas de Gortari made these results public, after his visit to Germany, Czechoslovakia, the USSR, and Italy, which is the 33rd country visited by the president during his administration.

As a result of the different agreements signed in the areas of tourism and secondary petrochemistry, as well as car and textile industries, approximately $4.7 billion in investments from groups of small- and medium-sized enterpreneurs will flow to Mexico in the medium and short term. In addition, the financial agreements with countries from the European Community will permit Mexico to obtain credits for the development of projects in different areas of economic and commercial activity.

Francisco Rojas, director of Mexican Petroleum [PEMEX], reported that the Italian petroleum company ENI and PEMEX signed agreements for the sale of crude oil to Italy and possible joint investments on petroleum refining and building of plants. This will give Mexico a leading edge on technology and competitiveness at the international level.

Salinas' activities Monday included speaking at the closure of a workshop on Mexican industries at the Italian Banking Association. Salinas said that Mexico is living a time of change, where the state attends to its responsibility of governing rather than trying to be a proprietor or attempting to create most of the activities.

[Begin Salinas recording] Mexico seeks to leave behind the old way of doing things. This obsolete way favored a protectionist state and a populist policy, which meant temporary well-being, that resulted in a severe public finance deficit, and made it impossible to meet fundamental social demands, creating the paradox of a greater, but at the same time weaker, state. [end recording]

At the Italian Banking Association, Salinas said that his government's strategy is permanent and that this strategy does not respond to a single demand but that it embodies a medium- and long-term plan to meet the demand of the Mexican people. At the lunch that Giulio Andreotti, president of the Italian Council of Ministers, had with Salinas at Villa Madama in Rome, Salinas said that international trade can serve as a fulcrum for a true reactivation of world economy only if the various regional integration zones continue to be open, rather than closed areas of exchange, thus making it possible to attain a truly global economy. Andreotti said that Mexico is a great country marked by the results attained in highlighting political, economic, and social values. He also said that Mexico has led Latin America toward a free trade policy.

As in the previous 10 days, Monday was also very active and culminated with the opening of an exposition, a Mixtec-Zapotec art and civilization show in Castel San Angelo.

'Fruitful' European Visit Ends

PA1007174691 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 9 Jul 91

[Text] President Carlos Salinas de Gortari concluded today a heavy work tour that took him through four European nations: Germany, Czechoslovakia, the Union of Soviet Socialist Republics, and Italy. On his last work day in Rome, the Mexican president held a friendly and

cordial meeting with Pope John Paul II. Topics concerning world issues and the [word indistinct] internal transformations that are taking place were discussed during the meeting.

Prior to that, the Mexican president met with Italian businessmen and industrialists to whom he voiced Mexico's aspirations in the commercial opening. He also met with his Italian counterpart, Francesco Cosigga, at the Quirinale Palace. The two presidents ratified their commitment to cooperation and exchange of experiences within the framework of the overall economy.

At 1330 hours, Italian time, the Mexican president boarded the plane that will bring him back to our country, and thus concluded a fruitful tour through four European nations.

President Carlos Salinas de Gortari yesterday met with representatives of the Italian private sector and of the local bank. In view of the achievements reached during this presidential visit, Italian Prime Minister Guilio Andreotti praised the upsurge and reorganization of the Mexican economy. During the meeting, President Salinas de Gortari said that Mexico is firmly recovering and has the support of all sectors so that within freedom and respect for pluralism, Mexico will be able to meet better the people's demands for well-being.

The Mexican president also closed a seminar on Mexican industry that had been convoked by the Italian banking association. At the closing ceremony, Salinas de Gortari said that the state reforms in Mexico basically seek to meet its responsibilities of ruling but not owning. This has allowed us to strengthen our sovereignty and increase the standard of living of Mexicans, he added.

To summarize, the Mexican president's tour through four European nations has been fruitful and as the president himself said, it served to show Mexico's presence to the world and define benefits that will reflect in the daily life of many Mexicans.

SRE Requests Information From Guatemala

PA1007205391 Mexico City NOTIMEX in Spanish 2111 GMT 8 Jul

[Text] Mexico City (NOTIMEX)—The Mexican Foreign Secretariat (SRE) has requested that the Guatemalan Government provide it with detailed information on the whereabouts of Mexican citizen Joaquin Lopez Lopez, who was apparently kidnapped by the Guatemalan Army on 3 June.

In a protest note, which was delivered by the Mexican Ambassador to Guatemalan Pedro Vazquez Comenares, the Mexican Government has insisted that the Guatemalan Government take immediate measures to prevent similar events from occurring in the future.

A few days ago, Guatemalan Army members allegedly entered Mexican national territory (Tabasco State) to arrest Guatemalan citizens who are members of the political opposition.

The Guatemalan soldiers, however, reportedly arrested Joaquin Lopez Lopez during this illegal raid and his whereabouts is still unknown.

In a brief communique to the media, the SRE reported that as soon as it finished the investigation into the alleged raid by Guatemalan soldiers, it requested that the highest Guatemalan authorities complete the investigation.

The SRE urged the Guatemalans to take "immediate measures to prevent events of this nature from occurring again."

PRI Candidate 'Virtual' Winner in Nuevo Leon

PA1007162391 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 9 Jul 91

[Text] Socrates Rizo Garcia, the PRI [Institutional Revolutionary Party] candidate for governor of Nuevo Leon, is the virtual winner of the elections held on 7 July. His opponents, Lucas de la Garza, of the PRD [Party of the Democratic Revolution], and Rogelio Salas Zambrano, of the PAN [National Action Party], conceded this on Monday, when the results of nearly 80 percent of the polls had been tallied.

The Nuevo Leon State Electoral Commission disclosed that in the 1,676 polling places tallied so far—representing 79.4 percent of the total—it has counted 683,643 votes for the election of governor. Out of this figure, PRD candidate Lucas de la Garza obtained only 17,144 votes, that is, 2.5 percent. PAN candidate Rogelio Salas Zambrano garnered 231,357 votes, representing 33.8 percent. The PRI obtained 425,221 votes for its candidate for governor, Socrates Rizo Garcia, which represents 62.2 percent of the votes counted thus far.

El Salvador

Mexico City Peace Talks Closed to Media

PA1007202791 Madrid EFE in Spanish 1719 GMT 10 Jul 91

[Text] Mexico City, 10 Jul (EFE)—Representatives of the Salvadoran Government and guerrillas are meeting for the second day in a row amidst the utmost confidentiality in an effort to bring peace to the strife-torn Central American country.

Guerrilla sources in Mexico refused to comment on the development of the talks, indicating that this is a "private meeting," closed to the media.

The representatives of the Farabundo Marti National Liberation Front (FMLN) arrived in Mexico at 1400 (2000 GMT) on 9 July and met with the Salvadoran Government representatives two hours later (2200 GMT) at a Mexico City hotel.

During a recess of the meeting, Commanders Shafik Handal, Leonel Gonzalez, Ana Guadalupe Martinez, and Salvador Samayoa concurred that the main issues being debated in this round are those of the Armed Forces, the FMLN's participation in political life in El Salvador, and the socioeconomic situation—one of the causes of the civil war in the country.

The civil war in El Salvador began 12 years ago and has already claimed 75,000 lives and caused approximately $4 billion in economic losses.

The start of the third meeting so far this year in Mexico coincided with reports of heavy guerrilla attacks in at least five towns in Chalatenango Department.

Shafik Handal denied that a cease-fire agreement will be reached in this meeting, stating that this aspect is not included in the meeting's agenda.

Members of the commission created to address this issue are not attending this meeting.

Leonel Gonzalez stressed that a cease-fire can only be reached through political agreements. The guerrilla commander said that "peace is possible if agreements are reached on the issues discussed."

Gonzalez accused the negotiators of President Alfredo Cristiani's government of overly stressing for propaganda purposes that the issue of the armed forces has been completely exhausted.

Sources close to the negotiations stated that this meeting will last four to five days.

The two sides previously met in Queretaro, 211 km north of the capital, on 16-22 June, and in Mexico City in April.

At the end of the meeting in June, the FMLN said an informal consensus had been reached on the reorganization of the Army and the creation of an institution to investigate the charges of human rights violations by the military.

Bomb Thrown at Security Academy, 1 Killed

PA1007144091 Paris AFP in Spanish 1349 GMT 10 Jul 91

[Text] San Salvador, 10 Jul (AFP)—The Farabundo Marti National Liberation Front [FMLN] today hurled a powerful bomb at San Salvador's Public Security Academy, killing one person and wounding two others, according to preliminary reports.

Official sources have stated that the guerrillas used a mobile platform to catapult a powerful homemade bomb, better known as tepezcuintle [tanks used for liquified gas filled with explosives], and that the blast was heard in different parts of the city. The attack took place at 0550 (1150 GMT).

The academy is located approximately 10 km west of San Salvador, in the city of Merliot. As of 0730, the Army was barring reporters from the site of the attack, which is why there is no precise information on the number of victims and the extent of the damage.

FMLN Vows To Continue Military Actions

PA1007205291 Mexico City NOTIMEX in Spanish 1906 GMT 10 Jun 91

[Text] Nueva Concepcion, El Salvador, 10 Jul (NOTIMEX)—The Salvadoran guerrillas have said they will continue their military actions as long as the Armed Forces insist on blocking the signing of a cease-fire agreement at the dialogue table.

"Dimas," a rebel military chief, told NOTIMEX during an interview in the northern Chalatenango Department that the guerrillas "will continue fighting as long as the Army persists with its inflexible attitude at the negotiations."

The flareup of belligerent activities takes place at a time when members of the government dialogue commission and of the Farabundo Marti Natinal Liberation Front (FMLN) are beginning a new round of talks in Mexico.

Without ruling out the possibility that the government and the guerrillas will reach political agreements that will end the 11-year civil war, "Dimas" said that at the municipality of Nueva Concepcion, 69 km from San Salvador, that it is necessary for the government delegation and the Armed Forces "to yield in their positions."

The operation in Nueva Concepcion is part of a vast military campaign called "If the Armed Forces want our weapons, it should win the war" that the FMLN began two days ago in seven of the 14 departments of the country.

During a period of 14 hours, the rebel attacks, which were at first directed against military positions in the center of that town, began extending to the outskirts of the city in the alfternoon hours.

The FMLN also carried out military actions in four other municipalities in the western part of Chalatenango, where political activities were held and they distributied propaganda urging the military troops "to desert the Army or surrender."

In Agua Caliente, 60 km north of San Salvador, guerrilla Commander Luis told NOTIMEX that the campaign also sought to neutralize the counterinsurgent operations that the Army maintains in territories that the FMLN feels "it has under its control."

Just a few days before the opening of the 10th Central American presidential summit in San Salvador, the rebels gave little importance to the meeting, although he feels it "could be a place for discussing the issue of pacification in the region."

The rebel chief said that "th. causes that led to the armed struggle in Guatemala and El Salvador still persist, but it is not a matter of maintaining a closed stand on the contnuity of the war. As we have more of these opportunities, we will advance toward the political struggle," he concluded.

'More Than 100 Casualties' in Latest Clashes

PA1007154891 Mexico City NOTIMEX in Spanish 0909 GMT 10 Jun 91

[Text] San Salvador, 10 Jul (NOTIMEX)—The clashes between the Army and the Farabundo Marti National Liberation Front (FMLN) have resulted in more than 100 casualties in the past 48 hours, according to both sides.

The FMLN reported in a communique aired over clandestine radio station "Farabundo Marti" that 149 casualties were inflicted on government troops in the past two days of intense fighting in seven of the 14 departments of the country.

The FMLN highlighted the takeover of the town of Nueva Concepcion in Chalatenango Department, where the Army and the rebels clashed for approximately 14 hours. The rebel station reported that the guerrillas inflicted 78 casualties on Army troops.

The rebel bulletin indicated that the action called "Commanders Jesus Rojas and Camilo Turcios, we are fighting for national democratization and against the unilateral demobilization of the FMLN," is part of a nationwide military campaign launched by the guerrillas.

The FMLN noted that, in the western part of Chalatenango Department, they managed to "block" a large counterinsurgency operation launched by nine companies of the Altacatl Battalion and the military detachment in the eastern area of the same department.

The Armed Forces admitted that six police officers and three soldiers of the 2d Army Brigade were wounded during an attack by the rebels, who destroyed a bank in Chalatenango, 69 km from San Salvador.

The guerrillas reported that the Army sustained 71 more casualties resulting from two days of fighting, within the framework of the military campaign called "If the Armed Forces want weapons, let it win the war."

According to the FMLN, clashes against different military garrisons took place in the Departments of Morazan, San Miguel, and Usulutan in the eastern part of the country, as well as Cuscatlan, La Libertad, and San Salvador in the central part of the country.

The worsening of the war takes place as the government and FMLN delegations are carrying out a new round of negotiations in Mexico intended to end 11 years of civil war in El Salvador.

FMLN Sees End to Salvadoran Conflict in 1991

PA0907180691 Bogota Radio Cadena Nacional in Spanish 1200 GMT 9 Jul 91

[Text] Insurgent leaders Shafik Handal and Joaquin Villalobos have predicted that this year there will be a solution to the Salvadoran conflict between the government and the guerrillas. The rebel commanders came to Colombia, accompanied by guerrilla negotiators Carlos Calle and Ana Guadalupe Martinez, invited by President Gaviria Trujillo to discuss ways in which Latin America can help find a solution to the fighting between the Farabundo Marti National Liberation Front [FMLN] and the government of Alfredo Cristiani.

Commanders Shafik Handal and Joaquin Villalobos told Radio Cadena Nacional that the first steps have been taken for the government to accept a complete restructuring of the Armed Forces; a restructuring that would democratize the forces, thus allowing the people to participate in the handling of the government, and allowing the Armed Forces to recover their prestige at home and abroad, lost due to the murder of priests and to other human rights violations.

The leaders believe that the power the guerrillas have gained, which has kept the Armed Forces from claiming a military victory, as well as the contributions of a UN Commission and the efforts of the countries of Latin America, will allow those involved to resolve the differences between them and reach a final peace agreement this year.

END Issues Communique on Military Operations

PA1107013791 [Clandestine] Radio Venceremos in Spanish to El Salvador 0000 GMT 11 Jul 91

["Communique No. 1" issued by the National Army for Democracy (END) High Command in El Salvador on 9 July]

[Text] 1. On 9 July we embarked on a national maneuver called: If the Armed Forces want our weapons, let them win the war.

2. The unilateral disarming by the END is not negotiable. No one has won the war yet. Our weapons are a guarantee for obtaining the democracy that El Salvador demands. Either we both disarm or no one disarms.

3. The government and its Armed Forces have said that they can win the war; then let them prove it. Wars are not won by deranged statements like those made by General Ponce. They are not going to accomplish now what they have not been able to accomplish in 10 years of war and with $4 billion.

4. We reaffirm our [word indistinct] to the orders of our FMLN [Farabundo Marti National Liberation Front] General Command, and we reaffirm our support and our efforts to find a negotiated political solution to the conflict. In this respect, our weapons will not stop fighting until we have achieved democracy, social justice, and as a result, peace.

In the next few hours we will announce more details related to our military operations. Presently there is fighting taking place in San Salvador, Chalatenango, Usulutan, Morazan, La Libertad, San Miguel, and the capital city. Preliminary reports indicate that in the first hours of fighting, there were numerous casualties, including [words indistinct]. We have also been able to recover assorted military ammunition. In the next few hours we will give more details on our maneuvers. If the Armed Forces want our weapons, then [words indistinct].

Commander Jesus Rojas [words indistinct], we will end militarism and we will obtain democracy.

END High Command.
El Salvador, 9 July 1991.

Second Communique Issued

PA1107015991 (Clandestine) Radio Venceremos in Spanish to El Salvador 0017 GMT 11 Jul 91

["Communique No. 2" issued by the National Army for Democracy (END) High Command in El Salvador on 10 July]

[Text] The END informs the nation and the international community that:

1. Within the framework of the: If the Armed Forces want our weapons, let them win the war, nationwide maneuver, our forces have initiated combat in seven of the country's 14 departments and in the capital city.

2. END units have seized control of the Pan-American highway near Los Chorros, only 30 km west of the capital city. Our units established [words indistinct] cavalry, and artillery. In these clashes, which lasted over eight hours, the enemy suffered eight casualties, including a lieutenant.

3. In Chalatenango our units attacked National Police and 4th Infantry Brigade troops in Nueva Concepcion, while other END columns occupied and fought in La Palma, San Ignacion, San Francisco Morazan, Agua Caliente, and Dulce Nombre de Maria. During these clashes, we inflicted several casualties on the enemy forces, among them one lieutenant, (?one sergeant, and one) radio operator.

4. In San Miguel Department, the END's columns attacked the enemy in the vicinity of San Gerardo. It has been announced that a captain is among the wounded.

5. In Morazan, the END clashed with enemy troops in the vicinity of Cacaopera, inflicting 32 casualties. During these clashes, we seized four rifles and other war materiel. END columns attacked 1st Infantry Brigade troops in [words indistinct], (?20) km north of San Salvador, inflicting seven casualties. Meanwhile, other units seized control of the northern trunk highway and the highway between San Salvador and Quezaltepeque.

Our units attacked the Civil Defense position in Santo Tomas, San Salvador Department, while in the capital city our urban commandoes evaded the enemy's security apparatus and carried out several combat actions. If the Armed Forces want our weapons, let them win the war. [signed] High Command of the National Army for Democracy
El Salvador, 10 July

Army Official on Seizure of Arms Cache

PA1007202691 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 6 Jul 91

[Passages within quotation marks recorded]

[Text] Colonel Orlando Carranza, commander of the 5th Military Detachment based in Cojutepeque, Cuscatlan Department, and commander of the joint forces of the Subsargent Munoz Perez Task Force, said today that the arms and war materiel seized from rebels between 5 and 6 July in the Los Lirios and El Salitre hamlets in the San Jose Guayabal jurisdiction are one of the largest arms caches seized in that area in the last few months.

[Carranza] "During the operations that have been carried out in the Guazapa Hill area, eight camps have been dismantled, 33 M-16 rifles, 10 AK-47 rifles, three G-3 rifles, 2 Dragunov rifles, 3 RPG-7 rocket launchers, 1 M-70 machine gun, 4 Soviet-made M-26 grenade launchers, 2 M-79 grenade launchers, and some medicine were found in the area. Also, 153 mines have been defused.

Approximately 20 graves were found; some had one body, others had two bodies, others three, and some even had four. Thus, we can confirm there are about 40 dead terrorists but we believe there are more. We also think there are more wounded terrorists. We have confirmed

19 terrorists wounded but the number should increase because, if there are 40 dead, there should be more wounded.

A gun shop and an explosives factory were also dismantled.

Among our forces there are four dead and 22 wounded. Our operation is being carried out within the framework of the 1st Brigade's operations in its area."

The military chief also said that 50 pairs of small-sized boots were seized as well as small black uniforms. This indicates that the rebels are violating human rights by using minors in the war.

[Carranza] "We found many pairs of small boots, size 32, and small uniforms for children. We found approximately 50 pairs of boots and 25 black uniforms, small ones, for children. The boots are children's sizes of approximately 8, 9, 10, or 12 years of age. They are sized 30, 31, and 32. The uniforms are small too. This proves that the FMLN [Farabundo Marti National Liberation Front] is using children in the war and that is against human rights."

Col. Carranza added that the explosions heard this morning in the Guazapa Hill area are part of the operation currently being carried out by the 1st Infantry Brigade and other Army troops to search for rebels.

[Carranza] "The explosions are normal because sometimes it is necessary to support our ground forces with artillery and we were covering troops that were going into another area. However, this is something normal during operations."

[Reporter] "Are clashes currently being held in that area?"

[Carranza] "No. At this time we do not have any clashes but we are entering certain areas. There is artillery support when it is believed that there are terrorists in an area."

The military commander said that the operations will continue because it is believed that there are more weapons in the Los Lirios area, San Jose Guayabal jurisdiction. Carranza added that military activities will not be suspended in that area due to the rebel's persistence and that they will try to keep the rebels from entering more populated areas.

Guatemala

Results of Bilateral Border Talks With Mexico

PA1007171991 Mexico City NOTIMEX in Spanish 2504 GMT 5 Jun 91

[Text] Guatemala City, 5 Jul (NOTIMEX)—The Foreign Ministry today reported that Mexico and Guatemala have ratified their commitment to tackle border problems such as the trafficking of lumber and wild flora and fauna.

The ministry communique pointed out that the governments of the two countries reached this agreement during the third meeting of the Group for the Coordination and Control of Border Flow of Marine and Forest Species.

At this meeting the Guatemalan delegation noted that the export of cut and uncut log is banned by law and added that only those forest products listed on bilateral accords may be exported.

The Mexican delegation assured that it will issue orders to all its consulates here to exercise special care when legalizing signatures on documents to obtain export permits. The ban on the export of uncut log from Guatemala was ratified.

Both delegations agreed to exchange information, via the corresponding channels, at the ports along the border area recognized by the two countries and to reinforce their control on the trafficking of flora and fauna.

During this meeting they also agreed to make periodic visits to border areas where programs of common interest are taking place.

The Mexican delegation expressed its determination to prevent incidents such as the one that occurred last month on the Guatemala side of the Pacific Ocean when a Mexican-registered vessel that was fishing illegally was detained.

In this regard, the delegation added, the Mexican Navy Secretariat, in keeping with these bilateral agreements, reinforced security measures along maritime border zones.

Honduras

President Defends Role of Armed Forces

PA1007171591 Tegucigalpa EL HERALDO in Spanish 6 Jul 91 p 4

[Text] President Rafael Leonardo Callejas said yesterday that there will always be groups and sectors interested in eliminating the Armed Forces, but he warned that his administration will not allow that situation because, he emphasized, the armed corps guarantee the nation's sovereignty and security.

The president attended the graduation ceremony at the Command and Staff School and he outlined the changes that politics have suffered at the international level, adding that the officers graduated in a society that differs from the one that they left when they entered the center.

He talked about "the concepts of democracy versus dictatorship, the ideology of a free economy society versus socialism," and the current struggle for human rights.

The president said that the professionalization of the Armed Forces demands a futurist outlook on the essential role of the military corps.

He said that the people should realize that decisions about the Armed Forces "must be sovereign."

This means that "there can be no indications or implications from other groups that are not consistent with our national reality—only those aimed at safeguarding our sovereignty and rights as a nation."

Callejas said: It is imperative that we realize the situation because there will always exist "groups and sectors whose specific goal is the replacement of our Armed Forces as the organization responsible for our national security," in the measure that the democratic process triumphs and new options arise for all the nations in the world.

Referring to this, the president warned: "We will not allow this and we cannot allow this, because the very role of the Armed Forces guarantees the nation's democracy, welfare, and future."

Given this situation, it is essential to create the Defense College, because it involves the Honduran society's concerted agreement on the state's strategy and doctrine, he added.

Foreign Minister on Presidential Summit Topics

PA1007202991 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 9 Jul 91

[Report by Francisco Valeriano Giron]

[Text] President Rafael Leonardo Callejas has met with the ministers of economy and finance; the president of the Honduran Central Bank; and ranking Honduran Armed Forces officers led by Colonel Lazaro Avila Soleno, chairman of the Joint Chiefs of Staff. Foreign Minister Mario Carias Zapata informs us of the purpose of the meeting, which he also attended.

[Begin recording] [Carias] The president met with several ministers, myself included, to discuss the summit in El Salvador. I gave a report on the discussions conducted by the foreign ministers' executive commission. Members of the Armed Forces headed by Col. Avila and Defense Minister Colonel Alvaro Antonio Romero reported on their visits to Central America last week to present the Central American security treaty to foreign ministry officials.

The economy and finance ministers and the president of the Honduran Central Bank reported on economic issues. Overall, considerable progress has been made on the economic agenda with regard to the identification of new areas that will facilitate free trade as well as agricultural trade in Central America, and in establishing with Venezuela, a friendly country, the bases for free trade under conditions of reciprocity with Honduras and Central America. Therefore, the economic agenda will be very broad and substantive.

I have announced that the Central American security treaty had been well received by the Central American countries. In San Jose, Costa Rica, I could expand somewhat on the information I had given in each capital. The Costa Rican foreign minister is among those who said that perhaps other mechanisms could be considered to set all of these measures in motion, given the fact that if the treaty is submitted as such, a treaty, it is to be expected that its legislative ratification will take longer. We are very open, we are pragmatic, and we will continue studying this important issue with the other foreign ministries. I am pleased that a plan for a security treaty based on President Callejas' initiative has been well received by our neighbors Nicaragua, El Salvador, and Guatemala, with whom our country wants to maintain military balance and a trusting relationship for the future.

With regard to institutional mechanisms, Guatemala as well as Costa Rica repeatedly argued the possible advantages of reactivating the Organization of Central American States [ODECA] and its institutions. They say that Central American forums for debate and negotiation are increasing and the ODECA could perhaps be the umbrella organization for all of these topics. Honduras' views are more pragmatic; it favors the installation of a council of foreign and economy ministers that would be called the Council of Central American Regional Integration. We would thus coordinate the other forums and with the presidents' guidance direct the five economies' integration and Central America as a whole in relationships with nonregional countries and blocs of countries. I believe that we should consider these two possibilities at the summit and again seek a consensus and a way to piece together the different countries' aspirations.

[Giron] Mr. Foreign Minister, does this mean that Honduras' position at the forthcoming summit in El Salvador will focus solely on economics and security?

[Carias] No. We have a very lengthy agenda, which we will fine tune at meetings in San Salvador, beginning on 11 July at noon. When the presidents arrive on 15 July, the agenda will have been pared down. In addition to all of the topics that are being considered, which I was going to inform you of earlier, we must discuss all of the activities surrounding the formation of the Central American environmental commission, the permanent commission on drug trafficking, the possible creation of a Central American housing council, and cooperation in the field of education, which may lead to our signing a Central American educational cooperation agreement. The agenda is very broad; I have pointed out the main issues which, undoubtedly, include security, institutional issues, and economic measures that could have a real impact on our nations. [end recording]

Nicaragua

FSLN Reiterates No Return to National Assembly

PA1007202491 Managua Radio Nicaragua Network in Spanish 1200 GMT 10 Jul 91

[Text] After National Assembly President Alfredo Cesar read to the full Assembly a report by the special commission on property, the Sandinist National Liberation Party [FSLN] bloc reiterated yesterday that it will not return to the National Assembly. FSLN bloc leader Sergio Ramirez Mercado said at a news conference that the position of the National Opposition Union deputies constituted a technical coup against the government of Violeta Barrios de Chamorro. Ramirez, who was accompanied by several FSLN deputies, stressed that Cesar's announcement takes property away from thousands of people as well as the top figures of the FSLN.

Mr. Ramirez stressed that the FSLN deputies have no intention of returning to the National Assembly, although the Assembly will enter a recess period in mid August.

* Sandinist Tactics on Property Issue Criticized

91CA0171A Managua LA PRENSA in Spanish 11 Jun 91 p 4

[Commentary by Luis Sanchez Sancho]

[Text] It seems that the FSLN [Sandinist National Liberation Front] extremists have lost their heads. They imposed on the Sandinist Assembly a declaration that is devoid of arguments but full of threats, one that shuns a candid debate on the property owners and suggests violence against the democratic government and the individuals whom they do not like.

They flew off the handle because last week was a disaster for them. The National Assembly repealed vengeful and unconstitutional Law 92, and the public debate over radio and television about the issue of private property went resoundingly against the FSLN's interests.

This was to be expected. There is a good reason for the wise popular maxim "he who dresses in another's clothes is undressed in the street." So true is this popular saying that whoever is not undressed physically is left morally naked, as is happening now in our country.

It is absurd to brand as Somozists those of us who are saying that justice must be done in the case of properties that were stolen; it is silly to describe as right-wing extremists those of us who contend that the evil and devious laws that the previous regime enacted to protect their spoils and to vengefully sabotage the democratic government must be repealed, amended, or replaced, even if only out of judicial decorum and national shame.

A person who holes up in a million-dollar mansion wrested by force from its legitimate owners does not have the moral authority to speak on behalf of the poor. Nor do those who enriched themselves at others' expense while almost the entire Nicaraguan nation lived in utter poverty.

Those who overnight, protected by government and force, became the owners of huge estates and big agricultural, industrial, and commercial concerns must not talk about a return to the Somozist latifundio.

The extremist defenders of the Sandinist "pinata" are doing very badly in the nationwide debate on justice, democracy, and property. But this debate is doing a very good job of finding just and appropriate solutions to the burning problems of property and the law.

It has become clear, for example, that the urban and rural workers who were awarded a piece of farmland, a plot, or a home, will be protected and backed by authentic, legitimate deeds and documents.

In addition, it has become clear that it will not be possible to give back to their previous owners the properties that were improperly confiscated or expropriated from them and that are now in the possession of cooperatives or low-income individuals; they will, however, be justly compensated.

It is equally obvious that the luxurious mansions, the sprawling latifundios, and the big businesses that were arbitrarily seized must be returned to their legitimate previous owners, whether they are private individuals or the State.

There is another very important and encouraging result, however. We know from reliable sources that prominent Sandinists or former Sandinists are returning the properties that they were given during the pinata party or are negotiating to purchase them for what they are really worth.

This means that the sentiment of national shame is shared by members and factions of the Sandinist Front.

Just, appropriate solutions can thus be found. Perhaps not all those who were hurt can be fully satisfied, but calm can be brought to most Nicaraguans. The poor must be protected, but abuses must be righted too. The former owners whose assets cannot be returned must be compensated, but those who made off with valuable goods must pay a fair price for them also.

National reconciliation can be based only on civic justice and honesty. Democracy can function only if property rights and the dignity of all Nicaraguans are scrupulously respected.

* Government Urged To Correct Sandinist Errors

91CA0171B Managua LA PRENSA in Spanish 10 Jun 91 p 4

[Commentary by Ramiro Sacasa Gurdian]

[Text] The extent of Nicaragua's democratic progress can be gauged by two indicators: the restoration of law and the reestablishment of a legal framework that clearly defines the laws that interpret and safeguard individual liberty. Accordingly, the nation is "at a standstill in democracy." As Hugo Fonseca, the president of Venezuela's Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], stated, "liberty is not divisible; therefore, it is hypocritical, contradictory, and inconsistent to claim that some liberties can exist and be enjoyed and others not."

Law and democracy must be part of a comprehensive whole, not part of an illegal system imposed by Sandinism to the detriment of vast segments of the population. The government must punish the thieves who retain possession of the "pinata" of properties that were handed out during the elections, not the victims who lost their assets. The fact is that Nicaragua did not deserve Sandinism after Somozism, not even as punishment.

The government must immediately make decisions to correct the illegal system that Sandinism built during a decade marked by the nation's almost irreversible regression. It must demand fulfillment of the duties and responsibilities that the leadership of the country entails, without resorting to the misplaced excuse of their political cost. The following are the specific steps to be taken:

—Restore economic rights by streamlining the process of returning property within a legal framework, without giving preference to any particular sector, so as to overcome the insecurity and mistrust that have prevailed in the country.

—Privatize the enterprises in the government's hands, including the nationalized banks and the companies controlled by the Sandinists, thus rejecting the theory that socialists can run a nationalizing, capitalist government, when they have actually promoted inefficiency, strikes, unemployment, and anarchy that have seriously harmed the nation.

—Investigate the source of the fortunes of the Sandinist commanders and their "followers," including overseas companies, in order to give the people back what belongs to them and to return government assets in the hands of the Sandinists, including furniture and equipment from the ministries, public agencies, state-run enterprises, embassies, and consulates.

—Promote higher production by freeing up the forces of the marketplace in a socially responsible way by defending and fostering individual liberties. International charity will not be enough to build the country's production infrastructure, much less to boost the output of basic grains and exports.

—Specify the limits and shortcomings of the government's current political leadership in an effort to go beyond wishful thinking and through the unity, efforts, and hard work of all Nicaraguans who want democracy, as represented by the parties that formed the National Opposition Union, to achieve stability and harmony for the nation, thus promoting higher living standards and levels of social well-being for the entire population.

The bid for democratic change represents a demand for social justice, the advance of which is becoming increasingly urgent since international aid will not be able to resolve the problems of administrative inefficiency, labor strife, and inadequate productivity besetting the country. The government's dilemma is how to channel political and social change under a stable order and, at the same time, prevent Sandinist passions from being unleashed, as their ultimate result would be the dismembering of democracy and the inevitable fragmentation of the Nicaraguan family with the continuation of the war.

The failure of Sandinism as a political and economic dictatorship is proved convincingly by the fact that the living standard of the population, as measured by the average wage, has declined, since Nicaraguans had greater buying power 12 years ago than today. Ironically, during this same period the Sandinist leaders grew illicitly rich at the cost of the people's poverty, which they have not succeeded in hiding even with the constant, trite rhetoric of Sandinism.

We must set democratic change in motion and establish a new legal order that will spur the nation's political and economic development.

Panama

Endara Denies Existence of Subversive Plan

PA1007195591 Panama City LA ESTRELLA DE PANAMA in Spanish 10 Jul 91 pp 1, a2

[Report by James Aparicio]

[Text] On 9 July, President Guillermo Endara denied that there was a subvesive movement in the country trying to overthrow him, but admitted that "there are a couple of lunatics" that like to shoot their weapons and make threatening calls, even against his wife, Ana Mae Diaz de Endara.

During a meeting with the Association of Foreign Press Correspondents in Panama (ACOPEP), which was held at the presidential Palace of the Herons, Endara asserted that "there has been a great deal of speculation" about these alleged subversive plans, but added: "There is no subversive or armed movement."

Endara, who will travel to El Salvador to attend the Central American presidential summit on 15 July and to Guadalajara, Mexico to attend the Ibero-American summit on 17 July, said his presidential period "was very difficult" because it was a transition period during which he had to lead the country to democracy.

The president admitted that the Panamanian press is "against" many government positions but said that the press "carries out its work in freedom."

Endara warned, however, that he will not allow himself to be slandered, in a clear reference to the charges he has brought against a LA PRENSA newspaper cartoonist who drew him with his pockets full of money while Colonel Marcos Justines ran away from justice.

Endara defended his right to file charges, because if not, "I would have to defend my honor through other means because Spanish blood runs through my veins."

Endara will travel to El Salvador and Mexico with his wife, Foreign Minister Julio Linares and his wife, Francisco Matos [not further identified], Santiago Chavez [not further identified], Luz del Carmen Morgan [not further identified], Sergio Prado [not further identified], Ricardo Herrera [not further identified], and Dr. Juan Cristobal Zuniga.

Endara said that the message Panama takes to Mexico is one of unity with Latin America, Spain, and Mexico. With the latter country, the president did not rule out the possibility of ambassadors being designated after the summit.

Mexico's and Panama's relations have been at a very low level since 20 December 1989. Endara, however, said that the situation has improved since the Panamanian Government gave a safe-conduct to former national bank manager Rafael Arosemena two months ago.

The Panamanian president announced that he will meet with Chilean President Patricio Alwyn in El Salvador. Alwyn has offered Endara a ride to Guadalajara on his plane. Endara is going to Mexico accompanied by a large number of journalists.

When he was asked about Cuba, Endara denied that Fidel Castro is going to be the center of the Mexican summit, but warned that until "glasnost" and "perestroyka" occur in that country, Panama will not allow it to reenter the OAS.

"I believe Fidel Castro should allow Cuba to experience the winds of change blowing throughout the world," Endara said, adding that "I would like to see the events of East Europe occur in a Cuban style in Cuba."

He said relations with the United States were "excellent" but asserted that Panama is "proudly Bolivarian."

"Our relations with the United States are excellent. We share many interests and I feel proud of these good relations," Endara added. He also stated that Panama will continue to attend the Central American summits as an observer.

According to Endara, "difficult problems" must be resolved before Panama enters the Central America region.

Grenade Hurled at Radio Station Identified

PA1007184191 Panama City EL PANAMA AMERICA in Spanish 10 Jul 91 p 8C

[Text] Deputy Police Director Major Dario Arrue has confirmed that the explosive hurled at Radio KW Continente on 6 July was a French-made M-67 grenade [as published], similar to those used by the former Special Antiterror Service Unit (UESAT).

Arrue did not, however, directly blame the former UESAT members for the attack.

"I cannot rule out the possibility that it could have been carried out by former UESAT members, however, neither I can I say with certainty that they are responsible, because there are many people in Panama, including civilians, trained to use grenades," Arrue stressed.

Arrue added that after the U.S. invasion and the 4-5 December incidents, many weapons and grenades remained in the hands of former Defense Forces and Public Forces members, as well as civilians.

Here in Panama, drug traffickers, common criminals, members of leftist groups, and even foreigners who have received military training know how to use grenades, he stressed.

According to Arrue, no complicity has been detected involving members of the National Police in the attack on KW Continente.

There were a series of attacks in Chiriqui Province in 1990. The investigations showed that former UESAT members were responsible for the actions, which, according to the Attorney General, were intended to create instability and carry out a coup d'etat.

Journalists Group Decries Actions of President

PA1007195891 Panama City LA ESTRELLA DE PANAMA in Spanish 3 Jul 91 pp A-1, A-2

[Text] The most recent slander charges filed by the president of the Republic, this time against Joaquin Carrasquilla, a young cartoonist, make evident a view that we have had since we assumed the responsibility of directing the National Journalists' Association [CONAPE]: Democracy does not guarantee the promotion of freedom of expression.

The complaining president makes evident, as we see it, his lack of political maturity and the low opinion he has of himself as chief of state.

We say lack of political maturity because, instead of trying to see how he can resolve the many problems that Panama has, the president is using his supposedly valuable and scarce time to persecute and intimidate newsmen, this time a first-rate national cartoonist who was, without a doubt, a bulwark in the struggle to denounce the past military regime.

We say the president has a low opinion of himself because a person who wears the presidential band must confront problems on the becoming of his rank. The presidential complaint against the cartoonist places the

chief of state in a ridiculous position because it has created a situation that is the equivalent of a hypothetical and unfair contest between a sumo wrestler and a 100- pound jockey.

Many journalists have reminded us of the days when today's president was an opposition activist. He was one of the people who most enjoyed the cartoons that were published against Noriega and his discardable presidents. Now the president is exhibiting a tolerance level that is lower than that exhibited at any moment by the most prized military men who governed our nation for more than two decades.

What has happened to Carrasquilla makes evident that the legislative assembly, which represents the Panamanian people, must approve, as soon as possible, a modern slander and injury law that would transfer those cases from criminal to civil jurisdiction and explicitly prevent public figures, including presidents, from filing slander suits.

On 9 April, CONAPE issued a communique declaring itself on state of alert in view of the attacks that could be made against freedom of expression. Our conjecture has been proven right.

The president's demonstration of "courage" is nothing but the first onslaught of many more to be carried out against the media in general and against journalists in particular.

In view that the president has virtually issued a declaration of war against anything smelling like freedom of expression, CONAPE acknowledges the challenge and asks media representatives, the schools of journalism, professional journalists' associations, students of journalism, and human rights organizations to form a National Front for the Defense of Freedom of Expression (FRENADELE), whose main objective would be to denounce anyone wanting to gag journalists or the media.

CONAPE
On behalf of the board of directors: Franklin Bosquez D'Gionvanni, president.

Column Warns Colombians Training Guerrillas

PA1107003491 Panama City EL PANAMA AMERICA in Spanish 10 Jul 91 p 4A

["Hidden Truths" column by Tomas A. Cabal]

[Text] The evident weakness and lack of popularity of the Guillermo Endara government, as well as the people's frustration have encouraged the strategists of the terrorist M-20 [20 December Movement] to step up their destabilizing actions.

It has been learned from sources close to the M-20 that there are tactics and plans that they plan to implement in order to keep the National Government destabilized.

Following Cuban advice, the M-20 leadership has designed a plan with two preliminary stages that will be carried out simultaneously. The first stage, which is already being implemented, calls for training some 200 members in guerrilla tactics and warfare. To this end, they have moved into the guerrilla camps of the Revolutionary Armed Forces of Colombia and the Popular Liberation Army in the Colombian mountain ranges, very close to the Panamanian border.

Under the alert eyes of the legendary guerrilla leader "Tirofijo," the Panamanians of the M-20 are being advised and trained in the handling of automatic weapons, guerrilla warfare, sabotage, and demolition tactics. According to reliable sources, these forces will be ready to go into action in about 90 days, at which time they will try to reenter national territory.

The M-20 knows perfectly well that the National Police do not have any capacity nor do they have the means to actively resist a guerrilla movement in the Panamanian mountains. However, the M-20 also knows that any serious attempt to attack towns or carry out armed actions will result in a harsh U.S. response.

The M-20 leadership is very familiar with the lessons of the Arnulfista guerrillas in 1968-69; it also knows it does not have the people's support. Therefore, it will restrict its actions, keeping the U.S. troops busy along the border area while carrying out urban terrorism in Panama City.

The leadership of the M-20, which former Noriega advisor Jose Isabel Blandon apparently supports, knows that if a wave of terrorist attacks is unleashed, this will result in two factors: The institutional role of the National Police will be strengthened as it demands equipment and new weapons, and the United States will be forced to keep soldiers in the national territory. The M-20 plan also calls for carrying out actions similar to those of the Salvadoran guerrillas who attack while they hold talks or negotiate. Thus, the plan consists of frightening the National Government while allowing the PRD [Democratic Revolutionary Party] to become a moderate political alternative.

The M-20 knows that the presidential advisers belonging to the Authentic Liberal Party are opposed to the Christian Democratic Party returning to the government. They prefer—as certain U.S. advisers do—to deal with the PRD and its leader Ernesto Perez Balladares.

It remains to be seen then, if the national government will fall into the M-20's trap of increasing terrorist pressure in the cities and in the rural areas, while strengthening the moderate image of the Torrijist party. The best method the government authorities have of dismantling the M-20 is by implementing the economic plans and programs that the country is strongly demanding.

We recommend to the outdated [trasnochados] "leaders" of the M- 20 the axiom of Comrade Mao when he explains the success of the national guerrilla struggle as follows: "A guerrilla must be like a fish in water and surround himself with the support of the people." In the case of Panama, just as it happened to El Che [Guevera] in the Bolivian mountains, the Panamanian peasants and citizens will put an end to these local terrorists.

Argentina

Rio Negro Governor Appropriates Bank Funds

Appropriation Reported

PY0707215291 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 91 p 1

[Text] (NA)—Rio Negro Governor Horacio Massaccesi yesterday appropriated 16 million dollars the Central Bank had in the provincial treasury to use it to pay government wages.

The amount reportedly equals a Central Bank debt with the province.

Province Told To Return Funds

PY0707233491 Buenos Aires BUENOS AIRES HERALD in English 7 Jul 91 p 4

[Text] (DYN-NA)—In retaliation for Rio Negro Governor Horacio Massaccesi's appropriation of 16 million dollars from the Central Bank on Friday [5 July], the Economy Ministry announced yesterday that it would deduct that amount from the province's regional bank accounts if all was not returned within "24 hours."

Meanwhile, Massaccesi emphatically defended yesterday his decision to appropriate the money from the Central Bank and transfer those funds to his administration, stating that "we weren't going to sit and watch government swindlers put a fast one on our province."

A delegation headed by Interior Ministry Technical Undersecretary Guillermo Hessinger travelled to Rio Negro yesterday afternoon to warn Massaccesi that "the funds must be returned within 24 hours."

As Economy Minister Domingo Cavallo had announced during a press conference yesterday afternoon, Central Bank Treasury Director Ruben Berti flew to Rio Negro to take charge of the regional treasury.

Cavallo said that the federal funds presently being held in that province will be placed under the custody of a Federal Police delegation and appealed to the Federal Courts to "adopt appropriate and immediate measures in response to these related offences."

The minister went on to call the appropriation "illegal" and described the attitude of Massaccesi as "almost insane."

Meanwhile, commenting on the possibility of federal intervention in Rio Negro in response to controversial act of appropriation, the Radical governor contended that "national authorities are already imposing sanctions on us daily in the form of negligence and a series of measures that totally contradict their supposed economic plan."

Massaccesi affirmed that "the government opportunely applies its laws in order to wreak havoc on the weakest," and criticized Cavallo for "having no interest in dealing with any of the problems that afflict the small provinces."

He went on to assert that throughout last year "all of the Argentine provinces suffered from underfinancing caused by the national government," and blamed Public Revenue Secretary Raul Cuello for "the political-economic upheavals of the last six months" while he has been in office.

Finally, Massaccesi explained that "the government owes us 60 million dollars in bonds. We've taken just 16 million of that amount—what is the government complaining about when we should be getting another 45 million."

For his part, Rio Negro Government and Labour Minister Fernando Chironi emphasized yesterday that the appropriation of funds "is linked to an emergency situation caused by the arbitrary behavior of Economy Minister Cavallo."

Chironi criticized the national government, stating that it simply "watches the Economy Ministry illegally withhold money that belongs to the provinces.

"Unlike La Rioja and Catamarca, Rio Negro gets no help whatsoever from the government," he added.

Similarly, Neuquen Governor Pedro Salvatori expressed his solidarity yesterday with the attitude of his counterpart in Rio Negro, agreeing that provinces have the right confiscate funds from the National Treasury in order to deal with financial necessities in their provinces.

However, he stressed that "one should avoid at all costs taking justice into ones own hands."

Salvatori, who has confronted three months of virtual paralization of the provincial public administration, stated that social unrest in Neuquen "is higher than ever" and linked that fact to a debt of "200 million dollars" owed to that province by the national government.

Finally, Radical Buenos Aires gubernatorial hopeful Juan Carlos Pugliese, while justifying Massaccesi's actions to reporters yesterday anticipated that if he becomes governor he will foment federal revenue-sharing reforms in order to end "the suffering of our provinces."

Supreme Court Freezes Funds

PY1007223091 Buenos Aires BUENOS AIRES HERALD in English 9 Jul 91 p 1

[Text] (DYN-NA)—The Supreme Court ordered last night the freezing of all federal revenue-sharing funds owned by the province of Rio Negro as well as all gas royalties owed to that province which amount to some 166 billion dollars.

Meanwhile, Economy Minister Domingo Cavallo stated during a press conference yesterday evening that Rio Negro Governor Horacio Massaccesi "lied when he said

that the state owed him investment and growth bonds (BIC)," and that a "220 million-dollar debt owed by the provincial bank to the Central Bank is the fruit of phenomenal mismanagement for which the governor is totally responsible."

Earlier in the day, Cavallo had appealed to the Supreme Court to adopt precautionary measures to freeze all federal revenue-sharing funds and gas royalties owed to Rio Negro province.

Speaking at an official welcoming ceremony held at Darsena Norte yesterday morning for Uruguayan President Luis Lacalle's arrival to Argentina, Cavallo stated that Rio Negro provincial bank accounts will remain frozen "until the Central Bank recovers all 16 million dollars stolen" by Massaccesi last Friday [5 July] in the Rio Negro district of General Roca.

The economy minister concluded that such a measure would serve "to neutralize the effects of the illegal monetary drain caused by the appropriation of Central Bank funds."

Menem Criticizes Governor

PY1007223691 Buenos Aires BUENOS AIRES HERALD in English 9 Jul 91 p 11

[Text] (DYN-NA)—Throwing fierce criticisms at Rio Negro Governor Horacio Massaccesi (Radical) yesterday, President Carlos Menem called his appropriation of funds from the Central Bank "clumsy, arbitrary, and senseless," and stated that the governor could be slapped with a 10-year prison sentence for his "crime."

Menem called Massaccesi a "good man," but lamented that "the governor is badly advised and seriously mistaken." He said the appropriation of Central Bank funds "was a brazen violation of the law and the Constitution and will not go unpunished."

Meanwhile, the Radical Rio Negro governor said that he was "ready to accept full responsibility" for his decision to appropriate 16 million dollars from Central Bank funds which he claims the central government owes him.

Massaccesi also blamed "many people" in the central government for "wreaking daily havoc" on the provinces with "their complete lack of common sense and political rationale.

The governor explained that the crisis situation in Rio Negro "is so serious that it even calls for signatures and promises to be broken, and for FONAVI [National Housing Fund] funds to be appropriated by decree."

In relation to Menem's classification of the appropriation as a "brazen violation of the law," Massaccesi stated defiantly that "we'll see if it's a crime," asserting that "they'll have to prove it in court first" and that "their accusations don't hold any water right now."

Speaking in Rio Negro province, Justice Minister Leon Arslanian told members of that province's legislature yesterday that the courts may consider their passage of Massaccesi's appropriation decree—which will be voted on today—as "high treason," and added that "all of you could be prosecuted."

Former President Raul Alfonsin, in turn, said that "vengeance, threats and reprisals are not the tools of democracy," during statements made on the radio yesterday in which he publicly defended Massaccesi's actions.

"Dictatorships and totalitarian regimes see the nation through their own political, economic and personal interests and always accuse their opponents of treason; but not democracies," declared the Radical leader.

In response to Arslanian's address made before that provincial Congress, Rio Negro Justicialist deputy Carlos Soria stated yesterday that his bloc will try to prevent the passage of that law by the provincial Congress, anticipating that "when the consequences and the institutional crisis provoked by this rash decision dawn on the people of Rio Negro, the governor will lose all his support."

Meanwhile, Arslanian concluded by saying that the courts have the authority to arrest Massaccesi, and by asserting that "there is absolutely no doubt that Massaccesi broke the law."

Vice-President Eduardo Duhalde stated yesterday that "the gates to political chaos will be opened" if Massaccesi's actions are not "rectified immediately."

Contending that "no leader can ever oppose his nation's laws," Duhalde demanded that the provincial politician revert his decision "because it is a serious offence to rob millions of dollars from the Argentine population."

Similarly, Interior Minister Julio Mera Figueroa called the appropriation of federal funds a "criminal act," and said that Massaccesi "is trying to play Robin Hood (the famous literary character who robbed from the rich to give to the poor)."

In further statements made by Menem during an official welcoming ceremony held yesterday for Uruguayan President Luis Lacalle at the Darsena Norte port area, the head of state described the institutional crisis afflicting Rio Negro province as "extremely serious," but stressed that the solution to the problem "must be found within the established and respected limits of Argentine law."

Although Menem told reporters that "it would have been much easier for me to intervene, declare a state of siege and put him (Massaccesi) behind bars," he expressed his certainty that a solution will be found without resorting to such drastic measures.

In other reactions, Buenos Aires Governor Antonio Cafiero yesterday continued to insist on a greater slice of federal revenue- sharing funds for his province.

"If the central government paid us even a fraction of what we are owed, our province would have no problem paying workers and suppliers and in carrying out public works," said Cafiero.

Buenos Aires provincial bank President Eduardo Amadeo likewise demanded that the central government "pay its debts and modify federal-revenue sharing percentages."

Cafiero concluded that Massaccesi "is totally correct" in demanding that the provinces collect taxes first and then return a proportional part of them to the central government."

Menem Responds to Alfonsin

PY1007225491 Buenos Aires BUENOS AIRES HERALD in English 10 Jul 91 p 11

[Excerpts] (NA-DYN)—President Carlos Menem yesterday harshly questioned ex-President Raul Alfonsin for his support of maverick Rio Negro governor Horacio Massaccesi.

Menem branded Alfonsin "authoritarian," while describing Massaccesi's appropriation of Central Bank funds as "subversive."

The national government "will not tolerate any attitude" in breach of the Constitution, warned Menem.

"Just like the government was tough once on December 3 (the carapintada [painted face] rebellion), it will be extremely harsh with whose who try to disrupt the rule of law," he added.

Menem said Alfonsin's statements defending Massaccesi "have nothing to do with reality."

The President also said his predecessor had incurred in authoritarianism while in office, in response to Alfonsin's warning on Monday [8 July] that "revenge, threats and reprisals aren't the tools of democracy."

It would have been very easy to please Alfonsin and not investigate the Customs issue, or the Rio Negro case, and just leave things as I found them in 1989, that is keep the country shattered," Menem told reporters in Tucuman after joining his Bolivian and Uruguayan counterparts, Jaime Paz Zamora and Luis Lacalle, for an Independence Day tribute.

Menem also pointedly recalled when as president Alfonsin had called a group of protesting students in Rio Cuarto "spoiled daddy's boys," when he told a citizen of Neuquen who was airing some claims "you're not so badly off, fatso," and when he grabbed the microphone from the hands of former military chapel priest Medina to reply to the prelate's accusations.

In other reactions to the Rio Negro conflict:

—Cordoba Governor Eduardo Angeloz tacitly blamed the national government for the situation, saying "the attitude of Horacio Massaccesi is the result of agony over the lack of replies to the concrete requests of his province." Angeloz stressed he would defend his right to receive the funds the federal authorities owe Cordoba. "I won't let that debt evaporate through federal government regulations," he said, but ruled out the possibility of seizing funds like Massaccesi. Angeloz criticized the "underlying situation of injustice between the nation and the provinces," adding that "with its delays and insensitivity, the national government triggers these protest reactions." He also boasted that the ranks of the so-called "governors' club" were swelling but dismissed the idea of promoting a new federal pact to change the economic relationship between the nation and the provinces. [passage omitted]

—Mendoza Governor Jose Bordon asked Interior Minister Julio Mera Figueroa to call for an urgent meeting between national and provincial authorities in order to analyze the implications of the Rio Negro crisis. Copies of this request were also sent out to all governors.

—Buenos Aires Governor Antonio Cafiero anticipated that the economic crunch of the provinces would affect treatment in Congress of the laws the government needs to continue its economic programme. "Unfortunately, when legislators must decide on national issues, they own provinces," said Cafiero. In this respect, he forecast that lawmakers could vote against the extension of the economic emergency law, which would bring about a barrage of lawsuits forcing the state to reimburse the provinces and could in turn create a rule-by-decree scenario. [passage omitted]

La Rioja Legislature Formally Elects Governor

PY0607143691 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0220 GMT 4 Jul 91

[Excerpt] La Rioja, 4 Jul (NA)—On 4 July the La Rioja provincial legislature formally elected Luis Beder Herrera as the new governor of La Rioja Province, and Chamical District Deputy Carlos Omar Menem as vice governor. The final vote was 20 votes in favor out of a total of 24. [passage omitted]

Officials Deny Receiving 'Privileged Pensions'

PY0807230391 Buenos Aires BUENOS AIRES HERALD in English 8 Jul 91 p 7

[Text] A fierce controversy broke out this weekend over the issue of "privileged pensions" when Democracy Institute Director Simon Shats stated that prominent politicians and government officials receive those payments along with their regular salaries.

Democratic Centre Union (UCeDe) leader Alvaro Alsogaray, who was included in that list, categorically denied that he ever collected such a benefit.

Similarly, Education Minister Antonio Salonia assured yesterday that he had never received any such payment,

declaring that "I absolutely deny having ever collected a privileged pension payment," and added that anyone who had "has committed a foul and immoral offense."

Salonia stressed that the only wages he receives "correspond to my post as Education Minister, which amounts to a total of 18,875,000 australs."

In statements broadcast by Radio Mitre yesterday, Shats presented a list of individuals who allegedly receive 'special pensioner' benefits, pointing to such current officials as Foreign Minister Guido di Tella and Salonia, as well as Buenos Aires Governor Antonio Cafiero and Alsogaray, each of whom Shats said receive 15 million australs.

Moreover, the report states that legislators Oscar Alende (Intransigent Party Deputy) and Luis Leon (Radical Senator) receive 29-million-austral pensions, as does former Chubut Governor Nestor Perl.

For his part, Alsogaray emphatically denied being a beneficiary of such a system and underlined that his pension "is the exact amount corresponding to 40 years of dedicated employment," including the 18 months he served as economy minister under ex-President Arturo Frondizi. The UCeDe deputy added that he does not even collect his deputy's salary at present.

At the same time, Social Security Undersecretary Walter Shulthess stated yesterday that he was "incapable" of investigating all of the cases mentioned by Shats.

When asked whether controls would be set up in order to monitor those people collecting privileged pensions and a government salary simultaneously, Shulthess replied that "I can't turn into Sherlock Holmes and investigate everybody doing bad things."

Shulthess pointed out that "we are presently trying to obtain necessary funds for the payment of a 300,000-austral increase promised to the retired workers as well as to pass a law that would put an end to all privileged pensions, but you can't expect me to control everything," he concluded.

Trade Surplus Falls to 50 Percent of Last Year's

PY0507214991 Buenos Aires BUENOS AIRES HERALD in English 5 Jul 91 p 5

[Text] Argentine exports are expected to total 10,000 million dollars this year, while imports are estimated at 6,000 million dollars, the Rosario Stock Exchange said yesterday.

Total exports reached 4,170 million dollars during the first five months of the year, a decline of 17.3 percent compared to the same period last year. Imports totalled 2,420 million dollars, a rise of 61.9 percent over the first five months of 1990.

As a result, the trade surplus was halved from 3,401 million dollars from January to May 1990 to 1,750 million from January to May this year.

The Rosario Stock Exchange added that earnings from cereals and oilseeds are expected to be 1,700 million dollars in 1991. This represents a decline of 335 million dollars with respect to last year. Export of primarily agricultural products such as fruits, vegetables, tobacco, fish and greasy wool are expected to decline by 44.5 percent to 830 million dollars.

Export earnings from the export of processed agricultural goods are expected to fall by 500 million dollars to 4,500 million dollars. The declining trend of exports will only be partially offset by increases in earnings from meat and scoured wool, the Rosario Stock Exchange predicted.

UCeDe Discusses Electoral Alliances

PY0807030491 Buenos Aires BUENOS AIRES HERALD in English 7 Jul 91 p 4

[From the "Argentina in Brief" column]

[Text] (DYN)—The Democratic Centre Union (UCeDe) yesterday failed to achieve quorum for its plenary of delegates to the national party committee. No more than 20 delegates turned up at any given time from a total of 109 registered representatives. Those present, however, discussed possible electoral alliances in the provinces. In this sense, in San Luis the UCeDe will run on the Peronist slate in the August 11 polls, although it will not be offered an elective post in return but rather the leadership of the local telephone company (EMPROTEL) [expansion unknown]. On that same date, the party will not take part in elections in Rio Negro but will ask its card-carrying members to back the Peronist candidate, Victor Sodero Nievas. In San Juan, it will remain independent. After the meeting, UCeDe Deputy Adelina D'Alessio de Viola warned her party would "have difficulties getting back on its feet" after the San Luis alliance. "An alliance with the Peronists of Rodriguez Saa is just as bad as one with the Saadis in Catamarca," she fumed.

CGT Criticizes Trade Union Political Wing

PY0807030691 Buenos Aires BUENOS AIRES HERALD in English 6 Jul 91 p 11

[Excerpt] (NA-DYN)—The official San Martin branch of the General Labour Confederation (CGT) yesterday criticized the newly re-floated 62 Organizations and ratified its support for the government of President Carlos Menem.

CGT-San Martin secretary-general Raul Amin said his trade union grouping would become "the barrier against sectors such as the 62 Organizations, which seek to condition and pressure the government."

"Workers must choose between a path of no return, represented by (Luis) Barrionuevo, (Saul) Ubaldini and Lorenzo Miguel, and a decision to work and support the President in his efforts to get the country ahead," he said.

Amin met Menem at the Olivos presidential residence jointly with fellow trade unionists Miguel Candore (UPCN [National Civil Service Personnel Union] civil servants), Jose Pedraza (railwaymen), Ramon Valle (insurance clerks), Gerardo Martinez (construction workers) and Jose Rodriguez (SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] auto workers).

"We are willing to close ranks with the government against the structures and leaders who team up to oppose the policies of our companero the President," Amin said.

He also lambasted the 62 Organizations, the political wing of the hard-line Peronist trade union movement whose reactivation was spearheaded by the so-called BUM [Barrionuevo-Ubaldini-Miguel] heavyweight union leaders Barrionuevo (restaurant workers), Ubaldini (CGT-Azopardo) and Miguel (UOM [Metalworkers Union] metal workers).

Amin compared the 62 Organizations to "a mutilated arm, because they don't even make politics any longer, all they want is to clash with the government head-on." [passage omitted]

Three Journalists Threatened by Peronist Commando

PY1007224291 Buenos Aires BUENOS AIRES HERALD in English 9 Jul 91 p 11

[From the "Argentina in Brief" column]

[Text] (NA)—President Carlos Menem yesterday considered that "only people out of their mind or villains" could have written the threatening messages sent to three journalists, two of them foreign correspondents. The head of state yesterday received the visit of the President of the Foreign Correspondents Association (ACEA), Ricardo Benozzo, from the Italian news agency ANSA, who was accompanied by ACEA authorities Ed McCullough (AP) and Leonel Nodal (Prensa Latina). Benozzo, Manuel Messaguer (EFE) and Jose Maria Pasquini Duran (from the Buenos Aires daily Pagina 12) received letters from the so-called "Peronist Moralization Commando" stating that "the damage you are doing to the country, its institutions and the image of the President with your lies and slander will not remain unanswered." Menem urged the journalists not to be frightened "because Argentina is among the countries with the best security systems in Latin America."

Bolivia

Paz Zamora Returns, Comments on Mercosur

PY1007161691 La Paz Radio Fides Network in Spanish 1100 GMT 10 Jul 91

[Report by Antonieta Flores]

[Text] President Jaime Paz Zamora returned at about 2000 last night from San Miguel de Tucuman, Argentina, where he attended the Argentine independence celebrations. From what he stated upon his arrival, one can deduce that it is not yet advantageous for Bolivia to join the Common Market of the South [Mercosur]. [recording indistinct]

Further on Possibility of Expelling DEA Agents

Interior Minister on Incident

PY0907143091 La Paz Radio Fides Network in Spanish 1100 GMT 9 Jul 91

[Text] Interior Minister Carlos Saavedra Bruno has reported that a government commission is analyzing charges of abusive and violent behavior by DEA agents in Santa Ana de Yacuma who, if found guilty, could be expelled from the country.

[Begin Saavedra recording] I will meet with General Jorge Moreira, Armed Forces commander in chief, and with the ministers of defense and of foreign affairs to discuss the mechanisms and administrative processes to decisively and conclusively clarify what happened to the Navy commander in Santa Ana and to check on other charges. We will seek ways to end this situation. [end recording]

Tasks of Agents Praised

PY1007155191 Buenos Aires TELAM in Spanish 1321 GMT 10 Jul 91

[Text] La Paz, 10 Jul (TELAM-ASIN/BOLPRES) — The National Council for the Fight Against the Illegal Use and Trafficking of Drugs of Bolivia considers fundamental the advice and the intelligence services that are being provided to the Special Antinarcotics Force by the U.S. DEA.

Javier Lupo Gamarra, the executive director of this Bolivian organization, considers that, within the framework of this cooperation, the U.S. organization is carrying out an important mission in the country strictly as antidrug intelligence advisers.

"DEA agents are helping with technical investigative support so that our own teams can carry out their task in a better way. Through this support and advice, the DEA's participation is important in the fight against the drug trafficking mafia," the Bolivian official stressed.

The remarks of the executive director coincide with those of Elias Gutierrez, the commander of the Special

Antinarcotics Force, who stressed that the U.S. officials cooperate in a fundamental way in Bolivia in the fight against this international crime.

When asked about the investigation that is presumably being carried out following recent incidents between an officer of the Bolivian Navy and some DEA agents, the official stated that this matter is exclusively in the hands of the Bolivian Interior Ministry.

Officials Sign Accord Supporting Antidrug Fight

PY0507214591 La Paz Television Boliviana Network in Spanish 0200 GMT 4 Jul 91

[Text] Government officials, headed by the interior minister, have held an important meeting to evaluate an antidrug operation.

In the meeting whic was held in Santa Ana de Yacuma yesterday, the government officials, Beni congressmen, and civic institutions signed an agreement promising to fully support the antidrug fight.

1. The people of Beni Department, represented by departmental congressmen and the main local institutions, express their support and solidarity with the national constitutional government in the person of President Jaime Paz Zamora, and its decisive antidrug fight in Bolivia;

2. The Bolivian people recognize the legitimacy of the antidrug operations conducted in the country and, particularly, in Beni Department;

3. The government promises to adopt the necessary measures to prevent antidrug operations from leading to excesses against the residents of the areas where the operations are conducted;

4. The government, the congressmen, and the main institutions of Beni Department recognize the need to have permanent antidrug forces in the region to prevent and repress drug trafficking, but should comply strictly with the current laws and respecting constitutional guarantees and rights;

5. The government promises to grant cattle raisers adequate conditions for their work and the right to use the communications means required by the sector;

6. An interinstitutional, permanent commission is herewith established. It will be made up of the honorable chairmen of the Senate's and Chamber of Deputies' Antinarcotics Commissions, the Beni Department prefect, the Association of Civilian Pilots, and the departmental Civic Committee. This commission will be in charge of supervising the antidrug operations and making sure that the terms of Article 71 of Law 1008 are complied with—thus ensuring that the assets seized during the antidrug operations are not diverted and that they are returned to their real owners if found not guilty of drug-trafficking crimes;

7. The interior minister promises to grant a legal status to the departmental Council of Assets Seized from Drug Traffickers;

8. The Beni Civic Committee expresses its decision to summon the residents of the capital and interior of Beni Department to stage a grand civic march rejecting and condemning drug trafficking. [Signed by] Carlos Saavedra Bruno—interior, migration, justice and social defense minister—and General Elias Gutierrez, commander of the Special Antinarcotics Force, on behalf of the national government.

Terrorists Reappear; Government Attacks Reported

PY0907021791 La Paz Television Boliviana Network in Spanish 1700 GMT 8 Jul 91

[Text] Judicial officials have reported that terrorist groups are expected to reappear in Bolivia. Police have been investigating the most recent attacks on government headquarters. (General Jorge Rangel), Bolivian police deputy commander, reported that the (?MRTA) [Tupac Amaru Revolutionary Movement] terrorist group has reappeared in the country and that the latest attacks should be attributed to this terrorist organization.

[Begin recording] [Rangel] As we said a long time ago, these terrorist groups have not disappeared. We have been on the alert, however, to control these attacks. I can assure you that the forces of order are taking the necessary steps to control these actions, as we have done in the past.

[Reporter] Can we say that these groups have reappeared?

[Rangel] These attacks speak for themselves. These groups are beginning to cause unrest among the people. I can tell you, however, that the forces of order are placing their members on a state of alert to prevent similar attacks. [end recording]

The deputy commander also said that the list of policemen and police chiefs that may be dismissed from their positions has not been yet completed.

Reports on New Guerrilla Group; Students' Arrest

PY0507224791 La Paz La Red Panamericana in Spanish 0000 GMT 4 Jul 91

[Text] Interior Under Secretary Mario Antonio Oviedo has confirmed the existence of a new guerrilla group in the country. He is referring to the group that claimed responsibility for an attack on a power tower at El Alto. [Madrid EFE in Spanish at 0131 on 5 Jul in a similar report adds: "An article published in La Paz newspaper LA QUINTA states that the new terrorist group 'Tupac Katari' has claimed responsibility for the attack that, according to experts on explosives, used techniques similar to those of the Peruvian Maoist guerrilla group "Shining Path."]

[Begin Oviedo recording] This is undoubtedly a new expression of terrorism in Bolivia. It obviously (?calls for intensified) security and intelligence measures to counterbalance the action of these groups. [end recording]

The under secretary also reported that 10 people were arrested over the last few hours on charges of sedition and offense against the government.

[Begin Oviedo recording] Some of the arrested people are students, others not, and some are older people. The regrettable thing about this type of attitude, by certain political parties, is that the pamphlets they distribute violate the terms of two articles of the Penal Code: The article on sedition, because these pamphlets incite the people to take arms, and another one, because they insist [words indistinct] against all national officials. [end recording]

Under Secretary Oviedo added that these people have been placed at the disposal of the courts to be sanctioned or released, as the case may be.

Students of the Economic Sciences School of the Greater University of San Andres reported on these arrests to our radio station. Referring to this incident, student Ramiro Aguilar said that the group was arrested when they were painting slogans celebrating the 56th anniversary of the founding of the POR [Revolutionary Workers Party].

[Begin Aguilar recording] Among those arrested were: Professor (Juan Pablo Bacherette), architect (Desiderio Vargas), and students (Arturo Cirides), Maria Fernandez, Franklin Calami, Gustavo Rodriguez, (Marcia Podeco), (Deisa Gonzalez), Gustavo Urquizo, and three more comrades whom we have not been able to identify. In total, 12 of our comrades have been arrested. [end recording]

Huanuni Miners, Wives Lift of Strike Reported

PY0907144091 La Paz Radio Fides Network in Spanish 1100 GMT 9 Jul 91

[Text] Miners' leader Jorge Zaral has reported that, following the promise by the labor minister to respect the contents of Circular No. R-90, the Huanuni workers have decided to suspend their general and indefinite strike, and their wives have suspended their voluntary hunger strike.

[Begin Zaral recording] [in progress] ...R-190 [as heard] relative to work on mountain ridge spurs. Based on this document and the (?salary demands of the workers), the leaders of the Mining Corporation of Bolivia (Comibol) are prepared to talk with the Miners' Federation that has suspended the Huanuni strike and the hunger strike being staged by Huanuni housewives at the La Paz Archbishopric. Now that this deadlock has been overcome, we expect the government officials and the Comibol leaders to fulfill the promises they made during the strike. [end recording]

Brazil

Reportage on Time Bomb Found in JAL Boeing

Bomb Finding Reported

PY1007130691 La Paz Radio Fides Network in Spanish 1100 GMT 10 Jul 91

[Text] Agents of the Brazilian Federal Police based at the Sao Paulo International Airport have found a bomb inside a Boeing 747 plane of Japan Airlines [JAL]. [Former Brazilian soccer player] Pele and three other foreign former soccer players were to have traveled on that plane, which would have made a stopover in Los Angeles on its way to Tokyo. The bomb was detected inside a suitcase by X-ray.

The plane was immediately isolated and thoroughly checked by bomb-squad experts to ensure that there were no other bombs on board. The plane, which should have left at 0000 [0300 GMT] last night, did not leave until 0600 this morning. Someone was apparently interested in killing Pele.

Police Report Details

PY1007232291 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 10 Jul 91

[Text] Security personnel at Cumbica Airport in Sao Paulo have prevented a tragedy. Last night, they found a bomb inside hand luggage that was to be placed on a Japan Airlines, JAL, Boeing. The bomb was found a short while before the plane departed. Several soccer players were traveling on this plane, which is already on its way to Tokyo.

The Japan Airlines Boeing 747 was supposed to take off for Tokyo at midnight yesterday with 260 passengers, including soccer players Socrates, Eber, and Leao. As the last suitcases were being inspected on the X-ray conveyor belt, Federal Police found a strange object inside a suitcase. It was a time bomb made with black powder, which is a typical incendiary explosive. Due to the presence of the bomb, the passengers were asked to get off the airplane so it could be searched again. The Federal Police found the owner of the suitcase, but neither his name nor his destination have been revealed. It has been learned that he is a Chinese [as heard] citizen who said he did not know anything about the bomb and that the suitcase was probably compromised in Asuncion, Paraguay.

Federal Police made the suitcase explode with a single shot and the flames climbed three meters high. The damage that this bomb could have caused in the luggage area will be known only when police learn what kind of bomb it was. The Federal Police have reported that the bomb was programmed to explode at 0300 today when the plane would have been flying between Mato Grosso and Rondonia States. The passengers boarded the plane after a delay of three hours and 20 minutes, but they did

not learn what had happened. They were only told that there had been a technical problem.

The owner of the suitcase in which the bomb was found will have to testify at the Maritime and Air Police Station. The police think it is most likely that the suitcase was compromised and that the passenger is not responsible for the bomb. The passenger's name will be revealed only after the investigation has concluded.

[In a similar report Tokyo KYODO in English 0301 GMT 11 Jul 91 states, "Police said they are questioning the 38-year-old man, a Japanese who lives in Paraquay."]

Reportage on Foreign Minister's Visit to Germany

WA1007172891

For reportage on the visit by Foreign Minister Jose Rezek to Germany, including reports on his talks with President Richard von Weizsaecker, please see the Germany section of the 10 July West Europe DAILY REPORT and subsequent issues.

New Oil Purchase Contract Signed With Iran

PY1007145091 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 91

[Text] As of September, Iran will supply Brazil 180,000 oil barrels per day. This information was provided by Infrastructure Minister Joao Santana who signed the agreement during his recent trip to Iran.

[Begin Santana recording] The original contract between Brazil and Iran provided for 100,000 oil barrels per day. We have recently been buying 133,000 oil barrels per day. We have now signed a new contract for 180,000 oil barrels per day. This can fluctuate by 10 percent either way. [end recording]

Minister Joao Santana also said that Iran will use the revenue to purchase Brazilian products.

Government Presents New Salary Proposal

PY1007235891 Brasilia Voz do Brazil Networks in Portuguese 2200 GMT 8 Jul 91

[Text] The government has presented a new proposal on the readjustment of civil servants's salaries to party bloc leaders in Congress. The proposal, which was presented by Justice Minister Jarbas Passarinho, maintains the adjustment granted to civil servants in Provisional Measure 196 and includes all categories of civil servants besides Federal Police personnel, who were also left out before.

Also, The government proposal foresees an across-the-board readjustment of 20 percent for all civil servants. The justice minister explained the formula that will be used to readjust civil servants' salaries.

[Begin Passarinho recording] The government proposal is in the form of a draft law that will accomplish virtually all that was intended with Provisional Measure [PM] 296 and more. This draft law includes institutions that were left out in PM 296, such as Suframa [Authority of the Manaus Free Trade Zone], Sudam [Authority for Developing the Amazon Region], and many others. We must add that a 20 percent across-the-board increase, retroactive to July, is proposed for all civil servants in this draft law. This adjustment will begin being paid in July, along with half of the year-end bonus. [end recording]

According to Senator Mauro Benavides, none of the party bloc leaders raised any objections to the government's proposal. The Congress president said that the draft decree will be discussed in Congress in a week.

* Military Discontent Over Wage Issue Surveyed

* Protests Intensify

91SM0394A Sao Paulo ISTO E SENHOR in Portuguese 6 Jun 91 pp 12, 13

[Text] The military is no longer keeping it a secret that its salary situation has become intolerable. They are requesting an immediate raise. The most recent public declaration on the part of the soldiers came from Air Force Minister Socrates Monteiro on Wednesday the 5th, at a public hearing of the National Defense Commission in the Chamber of Deputies. There the minister spelled it out: "The military wants the nation to grant them salaries consistent with their duties, as soon as possible." The discontent over salaries could also be measured by the increase in pamphlets within the barracks. During the last two months, a certain "Castel II" or "Social Democratic" movement has been preaching "a return to the ideas of '64." The same manifestos accuse the Brazilian government of being at the service of "foreign governments," and request the troops "to regain their old enthusiasm." It is certain that this group is a tiny minority, but that does not make it any less a symptom of what is occurring within the armed forces.

According to the military sources the minister has put in charge of investigating the pamphlets' origin, the primary focus of discontent is located in and restricted to the area of the Eastern Military Command, specifically in the Rio de Janeiro Military Barracks. The military ministers' most immediate concern is the hostile mood of the Paratroops Brigade. Also according to the investigators working within the highest levels of the military, the activities of Federal Deputy Jair Bolsonaro (PDC [Christian Democratic Party]-RJ) are also fanning the flames. The deputy is an Army captain and was elected on a platform of raising the status of officers by, among other things of course, calling for a salary increase.

Military Club and Navy Club Presidents General Nilton Cerqueira and Admiral Wandir das Neves Siqueira, respectively, were also elected on that same platform. This October, Brigadier General Abelardo Camarinha, who was removed from former President Jose Sarney's

administration for supporting automatic salary adjustments for public officials, could well be elected Air Force Club President, thus closing the circle. The military clubs function as lightening rods for the officers' discontent over salaries. On 28 November 1990, a Military Club assembly considered demanding that the Ministry of Justice equalize salaries between military officers and judicial and legislative branch officials, a constitutional guarantee that has not been respected in practice, to the disadvantage of the military. But the decision was not carried forward, thanks to the persuasive powers of the uniforms at the top.

Increasingly intense, the movement by active-duty and reserve officers in the middle and lower ranks has resulted in repeated public declarations at the highest levels of the military against the constricted salaries. It is among subordinate officers that the salary issue is the most serious, although there are those, even in the press, who are willing to prove the contrary. As a matter of hierarchy, it has always fallen to the military ministers to negotiate salaries. In the view of those directly leading the troops, salary demands are inconsistent with the necessary discipline that should prevail within the barracks. Thus, when the almost inaudible screaming of lieutenants, sergeants and captains becomes more constant, higher officers enter the scene, if only to demonstrate their support for the troops. It has already been speculated in Brasilia that statements by the military ministers against the low salaries are part of a scheme to muffle the shrillest of the demands. Within the armed forces, there have been times when the generals have received lower salary increases. The situation was reversed twice, once for a short period of time, once longer. The short time was during Marshal Eurico Gaspar Dutra's presidency in 1945. The longer period was from 1964 to the present, a period in which lieutenants, sergeants and corporals have only fallen behind.

During Getulio Vargas's first administration, from 1930 to 1945, the largest increases went to the bottom of the hierarchical pyramid. During Marshal Dutra's government, beginning in 1945, the situation was the opposite. Increases began to be greater for generals and less for lieutenants and sergeants. During the Juscelino Kubitschek period, thanks to the influence of Marshal Teixeira Lott, those at the bottom began to be considered. In addition, Lott was the father of the Military Stability Law , which benefited all those with more than ten years of service, once again helping the bottom of the pyramid. Prior to that law, a sergeant could have been dismissed after 15 or 20 years of work, which is no longer the case.

During the Joao Goulart administration in the early 1960's, the policy of greater increases for officers continued. In 1962 Goulart even amnestied the sergeants who had participated in surrounding the Federal Supreme Court building, upset with the decision preventing them from holding elective office. Jango also amnestied the sailors who had barricaded themselves—in a demonstration of their demands—in the Rio Metal Workers Union. The amnesty granted to corporals, recruits and subordinate officers was considered breaking a taboo, since that benefit had only previously been granted to generals and colonels. Crowning these displays of sympathy with the officers, Jango appeared at the ceremony commemorating the anniversary of the Rio de Janeiro Association of Lower Officers and Sergeants, which took place at the headquarters of the Rio Automobile Club the night of 30 March 1964, the day before the coup, showing support for a "rebel" group and strengthening the union organization. General Mourao Filho, leader of the military movement, wrote in his memoirs that faced with those scenes, he felt the hierarchy was hanging by a thread. It was a good excuse. For that reason, just after the coup the generals tried to clip the wings of the lower officers, punishing sergeants and recruits in the three branches. In addition to the punishments, there was a return to the policy of greater increases for the top of the pyramid. This continues to be a deliberate policy of the military leadership. In the confidential bulletin INFORMEX number 32, from last May, the Army Minister said that "the government should vertically extend the military salary scale, in order to correct the existing distortions in the current salary hierarchy." The same bulletin recognizes that now is perhaps not the best time to implement the changes, given the unhappy mood in the barracks.

According to the 11 May O GLOBO, the Collor government wished to increase the difference between a lieutenant's salary and that of a general from a factor of 9 to a factor of 15 or 20. That difference increases if one considers the additional benefits incorporated into the packages of only the highest ranks. A general, for example, has benefits worth 155 percent of his salary. Sergeants and lieutenants have none. Since Provisional Measure [MP] 296 was signed last 29 May, a general's salary is a little over 800,000 cruzeiros, while a recruit earns no more than 20,000. The latest increase has alleviated the tense atmosphere, but the situation is far from being definitively resolved.

Since the beginning of the Collor administration a little over a year ago, military statements have been released demonstrating discontent with policy toward that sector. The clearest warning came from former Armed Forces Chief of Staff General Jonas Correia, when he resigned from the position on 19 April. In a ceremony held at Planalto Palace with President Collor at his side, the general said, "There is an adverse campaign that has as its objective diminishing, ridiculing and demoralizing the Armed Forces." The two stabilization plans proposed by former Economics Minister Zelia Cardoso de Mello's team also worsened the mood in the barracks. The former minister said "no" repeatedly to all negotiators named by the military to deal with the salary question.

Now the signs of discontent are taking the form of apocryphal pamphlets promising "to shoot down the technocrat mob" and "wash the country clean of the unpatriotic, the traitors of the nation, the corrupt, the

auctioneers, and those who sell the nation's assets to foreigners." They also promise that "this time, the historical example will remain, in order for the lesson to be learned once and for all." The National Salvation Movement says that things will begin happening "between 0300 and 0500." They did not mention the day. Nor will they be preceded by a religious procession for family and liberty in some Brazilian capital.

* Resolution of Problem Urged

91SM0394B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jun 91 p 3

[Editorial]

[Text] Now is the time for the nation to demand that its representatives, both in the executive and legislative branches, resolve the problem of integrating the armed forces not only into the State, but also into Brazilian society. We say "now is the time," because day by day, unequivocal signs of discontent are mounting both within the hierarchy and within the private associations of active-duty and reserve military members. This discontent has its origin either in the salary question or in the budget restrictions, which have reduced the efficiency of the three branches to very low levels. In the private associations, the discontent is purely and simply a question of salary, with reflexes that have already been felt (and with a great deal of damage) within the body of active-duty officers. If we bring up this question, even keeping in mind the difficult budget situation, it is not that we fear repeating facts that have marked the life of the republic since the beginning. It is only because of the idea that justice should be served, and the Brazilian Government cannot live with flipflops—like the one of the armed forces feeling rejected by society, as shown unequivocally in the editorial signed by Army Minister General Carlos Tinoco in the latest edition of NOTICIARIO DO EXERCITO.

The feeling of rejection—which we consider unfounded, despite the fact that there are sectors of society hostile to the armed forces—can only be eliminated through patient pedagogical work by the leaders. It must be seen, therefore, that only if concrete actions are taken by the government, which the military looks to as society's legitimate representative, to consider the armed forces a necessary instrument for its policy and treat them as such, will this feeling cease to exist. Which necessarily leads to the problem of salaries, and in addition—and much more painful—to the situation of the widows of officers and armed forces pensioners, who have been reduced to sad circumstances by a blind policy imposed from afar, to say no more.

It is necessary to keep in mind that the "professions" of civil and military servants are not equal. The objectives of the tasks that each of them fulfill are different. That is sufficient to warrant differential—and nonpreferential—treatment for each.

For having confused similar tasks with distinct objectives, Brazilian elected officials have always equated civil public service and military service. There has even been, and this is to be praised, a concern with establishing that between the different branches of the government, there could be no difference in salaries for equal or similar functions. It happens, therefore, that even though the constitution establishes that the salaries of positions in the legislative and judicial branches cannot be higher than those in the executive branch, it permits the scale of reference in each branch to be made against the highest function in each (the level of Minister, in the executive branch). From that, it follows that a four-star general, who comes from a specific branch in the military and is a member of the High Military Court (STM) as long as he is an active-duty officer of his branch, can receive a higher salary, and in the legislative and judicial branches—not to mention certain functions in the executive branch and in other states of the federation—the salaries of subordinate officials are higher than those of armed forces officers. Thus a perverse environment has been created, that has recently been exploited by the Federation of Military Reserve Associations and by the Military Club. The Naval Club and the Air Force Club will surely join them.

The military ministers have demanded that members of the armed forces not be treated as a differentiated and marginal group within the government framework and that they be given the resources to carry out—when and if necessary—their role as defenders of the fatherland and guarantors, at the request of one of the branches of the Government, of law and order. In the end, they want to always be prepared to fulfill their constitutional role and not have to improvise actions and equipment at each emergency.

It is time, we repeat, for these problems to be examined and resolved. This examination becomes all the more necessary, we would say, the more perverse the situation, to avoid coming to the point of revolt that affected the members of the former Foreign Legion, and the fermentation of unhealthy ideas of a conquered nationalism. This type of bitter reflection could undermine discipline and compromise the hierarchy. Particularly when in the private associations one can speak freely about the salary situation in the other branches of government and make unflattering observations on that subject.

The current condition of the armed forces has no parallel in the history of the republic—except perhaps during the final Vargas period, when a group of officers signed what was known as the "Memoirs of the Colonels." The military ministers would like to avoid that kind of demonstration. For them to be successful in their efforts, which will be difficult, it is necessary for the President of the Republic and Congress to convince themselves that the armed forces are an instrument of the State—provided that the State exists.

* Military Protest S&T Project Cutbacks

91SM0396A Sao Paulo GAZETA MERCANTIL in Portuguese 19 Jun 91 p 14

[Article by Luisa Pastor]

[Text] Participants in the Senate's Science and Technology CPI [Commission for Congressional Investigations] over the last two days could have heard protests in Brasilia from sectors that have admitted to perhaps being too silent in other times: the Navy and the Air Force. The former was heard the day before yesterday, through Navy Minister Mario Cesar Flores; the latter, through representatives of Embraer [Brazilian Aeronautics Company] and the Aerospace Technology Center (CTA). What they had in common was a lack of resources, resulting in the suspension of strategic development projects for the country's modernization. And a surprising willingness to call public attention to details that, for years, had remained hidden under the mysterious rubric of national security.

Both Minister Flores and Brigadier Major Sergio Xavier Ferola, CTA Director and Embraer Administration Council President, stated that when encouraged, domestic industry has responded successfully to the challenges presented by the technological development of institutions leading in state-of-the-art technology. The problem has been to obtain resources to advance the research, maintain training for the cadres, and keep the training programs up to date. Something that, in the views of both, society, as represented by the National Congress, can try to reverse, by attempting to free up financing for current research, or at least make the rules governing this function, which they consider a straightjacket on the sector, more flexible.

In the specific case of Embraer—grappling with the almost paralyzed CBA-123 project, in agreement with Argentina, and the EMB-145 jet, which is progressing slowly and having to use the McDonnell-Douglass wind tunnel for tests, compromising its technology—the resources promised by former Economics Minister Zelia Cardoso de Mello and which are being renegotiated with Minister Marcilio Marques Moreira, mean the very survival of the enterprise. In total, according to Embraer Financial Director Jose Sousa Santos, it will require $600 million to put an end to the contractions resulting from the lack of materials, pay debts to suppliers, and who knows, give some of the salary adjustments ordered by the Regional Labor Tribune and which Embraer alleges it has simply been unable to do.

Already projects such as the Chinese-Brazilian satellite and the Brazilian Complete Space Mission (MECB) Satellite Launcher will require grants of $20 million and $10 million this year, respectively; they have received $2 million and $6 million. The fact that progress on the joint Brazilian-Chinese program to develop a one-ton satellite has been compromised (and with it Brazil's credibility as a partner within the world scientific community), is of primary importance, according to former National Institute of Space Research (INPE) Director Marco Antonio Raupp. He cites the case of the Intelsat and GOES satellites, which are commercial, but which in the Malvinas and Gulf wars had their flow of meteorological and communications sector information interrupted.

"With the development of the Brazilian satellite and launcher, we can compete in a market that currently represents $6 billion annually," says Ferola, who believes that the strong international pressures to keep technology from crossing over to Brazil are merely a pretext to try to prevent the country from competing in that privileged market.

* Calha Norte Project To Be Decelerated

91SM0382A Rio de Janeiro O GLOBO in Portuguese 7 Jun 91 p 7

[Text] Brasilia—The Calha Norte [Northern Headwaters] Project, a priority during the Sarney administration, is gradually being wound down by the Collor administration, which is waiting for the ecological and economic zoning plan for the Amazon Region—to be announced during the World Conference on the Environment and Development known as Rio-92—to be ready. The plan will supply new data on the occupation of the territory in that region. This information was given yesterday by Secretary of Strategic Affairs Paulo Leoni Ramos in testimony before the National Defense Committee of the Congress. Leoni noted that the project will lose the emphasis on national security it had when it was created.

"Calha Norte had an important role. What we are now trying to do is to deal appropriately with the region through the state and municipal governments, which will be engaged in the project as soon as the environmental diagnosis has been made," said Leoni, who is also a member of the Interministerial Committee on the Ecological and Economic Zoning of Brazil, a group that has selected the Amazon Region as the priority in its work.

The military ministers do not think that Calha Norte has been laid to rest; they hope part of it can be incorporated into a new development strategy for the region to be developed on the basis of the zoning plan. However, they resent the lack of commitment on the part of the civilian ministers.

Minister of Aeronautics Socrates Monteiro and Navy Minister Mario Cesar Flores have stated on several occasions that Calha Norte did not fully achieve its objectives because the civilian ministers did not involve themselves in it as planned. In their opinion, military participation in the project gradually became distorted. Originally the instigators of the development, they were eventually the only ones working to further it.

The economic and ecological zoning plan, according to Leoni, is the instrument the Regional Development Secretariat will use to select the areas that are to receive government support.

Ambitious Plan for Amazonia

The Calha Norte Project, conceived by the now-extinct National Security Commission, came to light in October 1966 [date as published] when the Sarney administration released 99 million cruzados—Brazil's currency at the time—to finance its implementation along the entire northern border with Amazonia. In 1987, an additional 340 million cruzados were released. Of this, the Ministry of the Army received 201.5 million cruzados to build roads and establish border platoons; the Navy 48.9 million cruzados to build a river patrol boat; the Ministry of the Interior (now Ministry of the Infrastructure) 44.3 million cruzados to mark off the boundaries; Aeronautics 38.6 million cruzados to build airports; the foreign ministry 6.1 million cruzados to expand the consular services network; and the planning ministry (now the economy ministry) 444,000 cruzados to manage the project.

The justification for the undertaking, which become the responsibility of the Secretariat for Strategic Affairs (Saden), was the defense of the 6,500 km of border that separates Brazil from the Guianas, Surinam, Venezuela, and Colombia. Calha Norte covers a 160-km strip along those borders, or an area of 1.2 million sq km, equivalent to a quarter of what is known as Legal Amazonia and about 15 percent of Brazil's territory. Within that strip, which runs from Oiapoque in Amapa State to Tabatinga in Amazonas State live 1.6 million people, a high percentage of them Indians. It also contains important mineral reserves.

The purpose of Calha Norte was not only to move civilians in to settle the area, but to combat the drug traffic and stem the loss of foreign exchange caused by the flow of contraband metals and precious stones over the border into other countries.

• PT Seeks To Revitalize 'Parallel Government'

91SM0382B Rio de Janeiro O GLOBO in Portuguese 27 May 91 p 3

[Article by Helton Ribeiro]

[Text] Sao Paulo—The "parallel government" created by the PT [Workers Party] last July and which eventually slipped into oblivion, is attempting to reorganize itself through a rapprochement, at least a physical one, with the central government. The "ghost cabinet" is opening an office in Brasilia, to begin functioning in June, in order to work more closely with the party delegation in the Congress.

As happened a few days ago with the real Cabinet, the PT's "parallel government" is going through a crisis. In light of the low productivity of the 16 coordinating staffs that serve as its ministries, the party decided at a meeting held three months ago to start making some changes.

The coordinating staffs, composed of legislators, scientists, and professionals associated with the party, as well as members of the PSB [Brazilian Socialist Party] and the PDT [Democratic Worker's Party], will be bound together in three "super-ministries." And in June the organization will resume holding seminars on specific topics, to broaden the discussion and publicize the "parallel government."

"The key point is to train people to govern this country. The 'parallel government' will not limit itself to making a list of demands, nor does it have the energy to follow Collor around to monitor his actions. We are conducting thorough studies of Brazil's problems, studies that show there is another way to govern this country and that describe how our plans can be made carried out," argued national President of the PT Luis Inacio Lula da Silva.

Locating the "parallel government" on the 17th floor of the Seguradoras Building in Brasilia's Banking Sector Sul was a strategic move. Other potential candidates for the presidency—such as Orestes Quercia—have already set up political offices in the capital city. And, in contrast with the initial "parallel government" objective of mobilizing public opinion in support of its plans, Lula is increasingly trying to follow the institutional route.

"Copies of the programs developed by the team are being delivered to the ministers in each field, to the president of the National Congress, and to representative entities in civilian society. Our objective is to transform them into bills of law that the party delegation can introduce in Congress," explained Walter Barelli, economic coordinator within the "parallel government" and former director of the Interunion Department of Statistics and Socioeconomic Studies (DIEESE).

The "parallel government," inspired by experiences like that of the British "shadow cabinet," also tends to concentrate powers in the hands of super-ministers. As Collor chose Zelia Cardoso de Mello, Lula will raise Walter Barelli to the position of coordinator of the ministries connected with economic matters. The other super-coordinators will be those of Justice and State, and Citizenship, but Lula is not ready to reveal their names.

• Lifting of Foreign Capital Restrictions Viewed

91SM0373A Sao Paulo VEJA in Portuguese 5 Jun 91 pp 82-83

[Text] Certain aspects of its economic policy make Brazil a difficult animal to understand. The country's pockets are empty, but it does not appear to want any money. The lack of interest among foreign investors is discussed with some concern, but the country has absurd laws that restrict the entry of foreign capital. Last week, the National Monetary Council [CMN] dismantled part of this wall of resistance, opening a door to the entry of foreign money in the securities markets. Up to now,

however interested he was in putting money into stock in Brazilian companies, a foreigner could not invest in the market as he thought best. Foreigners could only purchase stock through investment funds established in Brazil.

The National Monetary Council did not attack the Bastille, it did not overturn the Berlin Wall or dismantle the Walls of Jericho, but its decision was a historic one, nonetheless. It established, almost without restrictions, the right of anyone who wishes to trade in shares of Brazilian companies to move dollars, yen, or marks in and out of the market. Last Tuesday, a group of 50 executives of large banks and companies whose shares are traded on the market met in Sao Paulo, in a seminar on the future of the stock market. When the executives were informed of the CMN decision, they applauded. "We have been fighting for this for a long time," said Luiz Forbes, a director of the CVM [Securities Commission]. Since the beginning of May, the markets have been moving well, as a result of a combination of factors. With the appointment of Minister Marcilio Marques Moreira, businessmen, bankers, and investors sensed a change in the weather in Brasilia. Market quotations rose. In May, some economic indicators, such as industrial production and employment, showed that the recession could be losing momentum. The market rose a bit more. The lifting of restrictions on foreign capital, decreed on Tuesday, resulted in a jump of about 10 percent in the stock quotations the following day.

Adjustment

Money was being made in the stock exchange and there is optimism in the market, but the professionals are only moderately euphoric about the lifting of restrictions on foreign capital. "The opening does not have the power to pour a great amount of money into the market. First we have to clean house at home, to put the economy in order," said Jouji Kawassaki, Citibank's capital market director. Even with the gains in May, we could experience a cooling off period ahead, but not too much. The professionals are expecting a piddling amount of foreign money. With luck, it will come to $200 million a year, but $100 million is a more reasonable figure. This is not enough to fire up the markets. In the analysis of the bankers, the impetus will come from inside the country.

In a lecture last week to executives of the Crefisul Bank of Sao Paulo, economist Luiz Paulo Rosemberg, former economic advisor in the Sarney administration, estimated that inflation would rise in the next few months, but not explosively. Around April 1992, it should stabilize at 5 to 6 percent a month. In an in-house analysis by Lloyd's Bank, also of Sao Paulo, it was concluded that inflation is under control, at least for the next few months. Citibank made a similar prediction. One thing that could be concluded from these exercises, always maintaining some caution, is that the Brazilian economy has settled down a little. If the adjustment lasts, part of the country's problems will be solved and it will be time to resume production and growth—and this is where the securities market becomes very important.

Hangouts

"The moment the country resumes growth, the businessmen will have to turn to the stock markets. The market is the best source of funding for long-range projects," said Julius Buchenrode, director of investments of the Chase Manhattan Bank. In First World countries—and even in those of the Second and Third World which have developed good sense—stock markets function as a lever for the companies. When a businessman wants to expand his factory, he sells shares and obtains money for the project. He does not pay interest on it. If the company does well, it pays out a part of the profits. In Brazil, it is a different story—not through any fault of the businessmen. The government always paid high interest rates to roll over its debts, so anyone with any money was lending it to the government. There was very little capital left over for the stock market.

In the 1970's, the country developed by borrowing money from foreign banks and financing private companies. There was no real partnership with foreign capital. The result of all this is that Brazil's securities markets have become little hangouts for speculators, without any real importance. The total value of Brazilian stock is estimated at about $30 billion. In Chile, with an economy one-fortieth the size of Brazil's, the value of stock comes to $11.2 billion. In Mexico—just to keep the comparisons in Latin America—the figure comes to $38 billion.

Tailspin

The Chilean and Mexican figures are humbling, but there is a lesson hidden there. The two countries have gone through economic upheavals as serious as Brazil's and have succeeded in getting out of the tailspin. There was a moment, in both cases, when the market hit bottom and stock quotations were below their real value. When those countries began to straighten out, foreign capital, which is very inquisitive, looked at the price of shares, calculated the risks, and invested in earnest. And this is where the Brazilian situation is beginning to become interesting. The first signs of mending are very weak, but they are there.

The movement could be slow, but there is the impression that the country is turning around. The price of shares in Brazilian companies, on the average, is far below their real value. According to some estimates, there is room for them to go up three to five times as high. "American investors have told me that Brazil is in a situation very similar to the one in which Mexico found itself slightly over four years ago, with stocks undervalued and an economy apparently getting back on track," commented Luiz Fernando Resende, director of Unibanco.

Shiite Partners

Brazil is not accustomed to receiving visits from Japanese magnates interested in buying buildings, companies, and monuments. By way of compensation, there is always a very rich Iranian passing the time in Brasilia. Just in the first year of the Collor administration, five Iranian ministers and a businessmen visited here. They wanted everything—chickens, hydroelectric plants, iron ore, soybean oil, sugar, tanks, and planes—but they left Brazil with more promises than signed contracts. Last week another visitor arrived; Ali Akbar Velayati, Iran's minister of foreign affairs, landed here on Thursday with a $2-billion project. The minister proposed a cooperation accord that would include the Brazilian Government and the Sarah Kubitschek Hospital, in Brasilia.

There is a very simple reason for Iran's interest in the Sarah Kubitschek Hospital. It is considered one of the best in the world for the rehabilitation of accident victims and the physically disabled. It is almost completely automated and it constructs the equipment that it needs itself. The Iranian Government wants to learn about the hospital because the eight-year war against Iraq left 600,000 people mutilated, and Iran needs technicians and equipment to take care of these people. Under the terms of the proposed accord, which could be signed in July, the Sarah Kubitschek would send forty of its staff to train from 5,000 to 10,000 Iranian doctors and nurses. "Brazil is giving up its role of arms dealer to take care of war victims," said hospital president Aisles Cameos da Paz. The Iranian Government also wants to import Brazilian equipment and it plans to build a hospital similar to the one in Brasilia. This is where the bulk of the $2 billion will be spent, but Brazil's share of the money will depend on the participation of Brazilian companies in the bidding for the project.

Ties

The Brazilian ambassadors calculate that Iran currently has a fortune of $120 billion to invest in the reconstruction of the country, and Brazil is in a good position to win some if it, for a political reason: it has never been at war with Iran and since last year it has been the largest buyer of Iranian petroleum. The United States cannot even think about any of this money. The Americans supported Shah Reza Palhevi during the Iranian revolution of 1979. The Ayatollah Khomeni's Xiites invaded the U.S. Embassy in Tehran and held 50 hostages for 15 months. Iran does not look any more kindly on most of Europe. With Brazil, it is a different matter.

Today one can find chickens from the Sadia in the shops of Tehran. The Vale do Rio Doce Company and Usiminas [Minas Gerais Iron and Steel Mills, Inc.] are exporting iron ore to Iran. There are increasingly close ties between Brazilian businessmen and the Iranian economy. There are sales of machinery; the Brazilian Postal and Telegraph Company will reorganize Iran's postal service; and the Andrade Gutierrez construction company could participate in the consortium that will build a $1.2-billion hydroelectric plant. If Brazil and Iran got together simply to build factories, hydroelectric plants, and hospitals, it would be fine. The problem is that Iran also has a great interest in Brazil's weapons industry. One of the Iranian ministers came to Brazil to look over the AMX pursuit plane manufactured by Embraer [Brazilian Aeronautics Company] and Iran is known to have an interest in purchasing replacement parts from Engesa [Specialized Engineers, Inc.] to rebuild the tanks that were put out of action during the war with Iraq. In this area, Brazil could get itself into hot water. Brazil depends on the United States and Europe to acquire machines and technology, but these countries certainly do not want to see well-armed ayatollahs. They would almost certainly boycott Brazil if the latter resumed arms sales to the Middle East.

* Growth in Exports to Asian Market Analyzed

91SM0374B Sao Paulo GAZETA MERCANTIL in Portuguese 8-10 Jun 91 p 3

[Report by Rio correspondent Livia Ferrari]

[Text] The pattern of Brazil's export destinations during the first four months of this year (latest figures available) experienced significant changes in relation to the same period of last year. That is, during the period January-April 1991, Brazilian exports to developing countries rose more than did our sales to industrial countries. This development runs counter to the trend in the opposite direction that had prevailed since early in the 1980's.

Brazilian Exports, By Economic Zones
($1,000 Freight on Board)

Economic Zone	Jan/Apr 90	Percent	Jan/Apr 91	Percent	Relative Growth (Percent)	Absolute Growth (Percent)	Share in Growth (Percent)
ALADI	919,477	10.17	1,341,117	12.38	45.86	421,640	23.57
Central American Common Market	32,918	0.36	36,838	0.34	11.91	3,920	0.22
Other Latin America	45,618	0.50	55,198	0.51	21.00	9,580	0.54

Brazilian Exports, By Economic Zones (Continued)
($1,000 Freight on Board)

Economic Zone	Jan/Apr 90	Percent	Jan/Apr 91	Percent	Relative Growth (Percent)	Absolute Growth (Percent)	Share in Growth (Percent)
Caribbean Common Market	21,631	0.24	-28,537	0.26	-31.93	6,096	0.39
Canada	183,812	2.03	163,221	1.51	-11.20	-20,591	-1.15
United States*	2,325,279	25.71	2,176,703	20.09	-6.39	-148,576	-8.31
Other America	23,357	0.26	28,102	0.26	20.32	4,74 5	0.27
Eastern Europe	210,179	2.32	208,293	1.92	-0.90	-0.11	
EEC	2,848,656	31.50	3,463,657	31.97	21.59	615,001	34.38
European Free Trade Association	169,775	1.88	202,681	1.87	19.30	3 2,906	1.84
Other Western Europe	82,256	0.91	80,348	0.74	-2.32	-1,908	-0.11
Asia(excluding Middle East)	1,365,298	15.10	2,139,773	19.75	56.73	774,475	43.30
Middle East	274,549	3.04	304,554	2.81	10.93	30,005	1.68
Africa	379,390	4.19	337,636	3.12	-11.01	41,754	-2.33
Oceania	59,381	0.66	92,596	0.85	55.94	33,215	1.66
Others**	103,058	1.14	174,069	1.61	68.90	71,011	3.97
Grand Total	9,044,634	100.00	10,833,323	100.00	19.78	1,788,689	100.00

*Including Puerto Rico

**Ship and aircraft provisions and undeclared transactions.

The rate of growth in Brazil's exports to developing countries reached the 34.61 percent mark, while sales to industrialized countries increased by only 12.4 percent, well below the 19.78 percent average overall growth in this country's overseas sales during the period.

This means that the industrialized countries' share of total Brazilian exports dropped in the first four months of this year from 68.32 percent to 64.32 percent. In compensation, the developing countries' share rose from 30.32 to 34.08 percent. These results are due, basically, to excellent performance by our shipments to Asian countries (except Japan and the Middle East), which climbed by 68.74 percent (or $517.5 million), and to Latin America (Latin American Integration Association-ALADI countries), which expanded by 45.86 percent, equivalent to about $450 million in additional foreign exchange receipts.

By themselves, Asia and ALADI were responsible for 52.21 percent of the increase in total Brazilian exports between January and April 1991.

The statistical breakdown, as analyzed by the Institute for Economic and Management Sciences (ICEG) of the Santa Ursula University based on the official figures from the Technical Coordinator of Commercial Exchanges (CTIC), shows that it was Brazil's exports to the so-called Asian tigers (South Korea, Taiwan, Singapore, and Hong Kong) that experienced the greatest relative growth—more than 72.08 percent—totalling $674.6 million on an FOB [freight on board] basis, and accounting for 15.8 percent of everything sold abroad by Brazil.

According to ICEG foreign trade analyst Hugo Barros de Castro Faria, this success in sales to East Asia is explained by the profile of Brazilian exports during this four-month period, when the increase in exports was led by semimanufactured products, followed by basic products, to the detriment of manufactured products. For example, semimanufactured and basic products together were responsible for 73.72 percent of the expansion in Brazil's exports during the period, and the countries of East Asia were major importers of Brazilian semimanufactured metal products such as aluminum and steel.

In Latin America, the bulk of our sales went to Argentina, Mexico, and Chile, where shipments increased by 93.49 percent, 48.8 percent, and 13.29 percent, respectively. Our sales to the Argentine market alone rose by $155.6 million to a total of $322 million FOB for the period. Bilateral agreements and the further opening of the Mexican and Chilean markets helped to produce these results.

In the industrialized countries bloc (countries are classified as industrialized or developing according to IMF criteria), the negative distinction belonged to the United States. Brazil's sales to the Americans declined by 6.39 percent (or $143.6 million), countering the rising trend seen in recent years. Even so, the United States remains the primary individual importer of Brazilian products. However, the U.S. share in our total sales fell this year from 25.71 percent to 20.09 percent.

One of the factors responsible for this was a sharp reduction—$401.7 million—in Brazilian exports of orange juice concentrate this year. The United States traditionally absorbs more than half our exports of that product. The American economic recession and the loss of competitiveness of many of Brazil's manufactures—important items on the list of our exports to the United States—also explain the decline.

Participation by European Economic Community countries as customers for our exports remained practically unchanged during the period—31.95 percent compared with 31.5 percent. "In comparison with what happens in our trade with the United States, where sales of manufactures predominate—a segment that declined this year—our exports to the EEC countries consist mainly of basic products and industrial raw materials that have undergone only slight finishing. And the basics, along with the semimanufactured products, were the ones that led the growth in our overall sales until April," Faria explained.

Among the industrialized countries, the leadership among our export customers belongs to Germany, which bought 46.3 percent (or $228 million) more than in the same period last year and Japan, a market that expanded by 41.95 percent (or $869.3 million). With that, those two countries had shares of 12.75 and 14.36 percent, respectively, in the overall increase in Brazil's sales. Those growth rates, however, are still well below the levels attained by sales to Argentina and the Asian tigers.

Chile

Air Force Commander Announces 31 Jul Retirement

PY1007234691 Santiago Radio Chilena Network in Spanish 1700 GMT 10 Jul 91

[Text] General Fernando Matthei, Chilean Air Force commander in chief, has confirmed his decision to step down from that post on 31 July 1991. He made this statement to reporters at La Moneda Palace after meeting with President Patricio Aylwin to inform him of his decision.

[Begin Matthei recording] I have submitted my request to the president of the Republic to retire on 31 July. The government will announce, perhaps in the course of this week, who will be my successor. That is all I can tell you. [end recording]

When asked whether his successor will be his second in command, General Ramon Vega, he said he cannot predict that, but that the Defense Minister will decide on whomever he deems appropriate.

Gen. Matthei was also asked whether he was leaving the Air Force with satisfaction. He said:

[Begin recording] Well, I am happy because I have been able to fulfill a very important mission entrusted to me by fate at a very difficult moment. I was named to that post by then President Augusto Pinochet and the government junta at a very difficult moment for the Air Force and a much more difficult moment for the country. I can say that all my optimistic dreams, professionally speaking, and my duties to the country have been fulfilled. [end recording]

The country is gaining prestige abroad; I can feel it myself. This does not happen in other nations, Matthei said. He also stressed the political transition and the current economic situation in Chile.

Asked whether he was sad to leave the Air Force, he said that he was leaving with nostalgia rather than sadness. When asked what advice he could give to his successor as Air Force commander, Gen. Matthei declined to give any advice, saying: He knows how to act, and if he should need it, I would not propose any advice.

Poll Shows Public's Approval for Government

PY0607140891 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 6 Jul 91

[Text] Sixty-four percent of the Chilean public approves the way President Aylwin is leading the country. This was revealed by a poll carried out by the Public Studies Center, CEP, [name and acronym as heard] which is an organization financed by several business conglomerates. The poll clearly shows that, in the public's view, the government's image improved this year. It should be recalled that the government approval rate last December was lower than 58.9 percent.

Only 14.5 percent of the public disapproves of the government, a percentage that has not varied since last poll. The poll was conducted between 14 and 31 March among 1,274 people older than 18 in Antofagasta, Valparaiso, Vina del Mar, greater Santiago, Concepcion, and Talcahuano where 47 percent of the national population lives.

The study also reveals that 64 percent of those surveyed think that the government should make a greater effort to prevent thefts and robberies. Only 38 percent give more importance to health issues and 36 percent to salaries. As for the economic situation, 62 percent of the people said it is neither good or bad. Another 20 percent said it is good, and 16 percent said it was bad.

Political leanings were also analyzed by the poll: 28.8 percent of those polled said they favor the center, 21

percent favor the left and center left, and 17 percent favor the center right, while 12 percent said they are independents.

Interior Minister Krauss Criticizes Mass Media

PY0907034391 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 8 Jul 91

[Text] Interior Minister Enrique Krauss said today that echoing the statements of Manuel Rodriguez Front spokesman Vasily Carrillo is like contributing to terrorism.

Krauss criticized members of the mass media that disseminated Carrillo's statements.

[Begin Krauss recording] What caught my attention was the concern showed by certain members of the mass media with respect to Carrillo's statements. Carrillo represents a minority expression of Chile's political judgment. Consequently, it seems to me that echoing Carrillo's statements, or giving them a certain weight, is like contributing to making terrorism more relevant than it actually is. [end recording]

Krauss said that Carrillo's statements cannot be analyzed by taking certain statements out of context. The attitude of someone, who has experienced the entire situation, must be understood.

He also referred to the announcement by the Lautaro Movement that the attacks last weekend are the beginning of a new, popular armed uprising.

[Begin Krauss recording] Such an announcement is proper for cowardly people because they lack (?responsibility). This merely shows that there are always minority groups which the police will act against with the full political support of the government and of all the country's democratic sectors. [end recording]

Official Antiterrorist Campaign Aimed at Youth

PY0907171891 Santiago Radio Nacional de Chile Network in Spanish 1100 GMT 9 Jul 91

[Text] The government last night set in motion an intense campaign against terrorism through all the mass media. The campaign, which is aimed at youths of urban shantytowns, describes the methods thorough which they can strive to achieve their ideals; rejecting political violence and other similar methods.

The campaign was set in motion at La Moneda by officials of the Interior Ministry and of the General Secretariat of Government, which is headed by Interior Minister Enrique Krauss.

The officials referred to terrorism as a worldwide phenomenon that must be eliminated from Chilean political life. They also showed examples of the spots [preceding word in English] that as of now will be shown on television to promote peace.

Eugenio Tironi, director of the secretariat of communications and culture, the organization in charge of the campaign, stressed the need to guide the youth toward integration.

[Begin Tironi recording] Well, basically they are youths who want to join society, be modern, and enjoy its benefits, but cannot find the right way to do so. This creates a feeling of frustration in them. This frustration encourages the desire to find an easy way, whatever that may be. This is the deep origin of a natural coexistence with crime, in sort of [words indistinct]. As I have just said in connection with terrorism, this is what we want to prevent. [end recording]

The promotion of the campaign against terrorism and political violence will last for six weeks. It will use pictures of Pablo Neruda and his poems, songs by John Lennon, and finally the presence of Chilean labor leader Clotario Blest.

Tironi said that the objective is to awaken the youths to the problem of terrorism and to allow them to rejoin society.

Carabineros General on Cooperation With Guatemala

PY0607125091 Santiago Radio Cooperativa Network in Spanish 2300 GMT 5 Jul 91

[Excerpt] Carabineros General Mario Morales said: Information flow problems have been resolved and we can now do our job which is to observe security operations. Gen. Morales was referring to certain incipient problems encountered by the Carabineros mission which traveled to Guatemala within the framework of an agreement between the two countries to have Carabineros advise the Guatemalan Police.

[Begin Morales recording] I believe that we have been able to collect sufficient information to diagnose the situation which was the objective of our mission. We have given the interior minister preliminary information on this diagnosis. Next, we will prepare a report on the actions that Carabineros could take. After that the Governments of Guatemala and Chile will decide whether an agreement for technical cooperation is feasible. [end recording]

Gen. Morales added that no decision has been made and that the Carabineros are working on a report that will be handed to government officials next week. Once this is done, the two governments will exchange information. He said that Carabineros are willing to cooperate, but Chilean experience cannot be applied to other countries and all they can do is assist with police problems which are common to both countries. [passage omitted]

Colombia

Government Briefs Castro on Talks With Rebels

PA1007152291 Mexico City NOTIMEX in Spanish 1835 GMT 9 Jul 91

[Text] Bogota, 9 July (NOTIMEX)—Top presidential security adviser Rafael Pardo Rueda disclosed here today that the Colombian Government has consulted with Cuban President Fidel Castro on the ongoing peace process with the rebels.

The government official stated that during the past year he has met on two occasions with President Castro in Havana to hold talks, "the main topic being the peace process (in Colombia)."

According to Pardo Rueda, the leader of the Cuban revolution "is very optimistic" about the progress being made in the dialogue with the rebels and believes "that very significant steps have been taken" to put an end to the guerrilla war in Colombia.

Pardo Rueda said that the rapprochement with the president of Cuba—a country with which Colombia does not have diplomatic relations—"is an information process. It is not to ask for an opinion or advice, but rather to report on what the Colombian Government's policy is and what stage the conversations with the rebels have reached."

Pardo Rueda assured that the Colombian Government is certain that Cuba does not abet the guerrilla activity and that, to the contrary, it has demonstrated its willingness to contribute toward finding an end to the armed conflict.

"We are sure that this is the Cuban Government's intention, and this is how they are proceeding," Pardo Rueda noted.

President Gaviria's adviser stated that during his conversations with Castro (the last was held "recently") "several secondary issues," unrelated to the Colombian guerrilla conflict, were also discussed.

Meanwhile, Colombian Foreign Ministry sources have told NOTIMEX that over the past few days, diplomatic contacts with Cuba have become closer and have been directed at reestablishing relations between both nations.

Cuba and Colombia broke off diplomatic relations in 1981 after then President Julio Cesar Turbay accused Fidel Castro's government of training guerrillas in his territory.

Colombian Foreign Minister Luis Fernando Jaramillo has said on several occasions that the conditions currently exist "to return Cuba to the Latin American group of nations."

'Large-Scale' Military Operation Against Rebels

PA1107024691 Hamburg DPA in Spanish 2300 GMT 10 Jul 91

[Text] Caracas, 10 July (DPA)—The Simon Bolivar National Guerrilla Coordinating Board (CNGSB) today reported in Caracas a large-scale military operation against its central command posts in Colombia. It added that a renewal of peace talks with the government under these conditions is "impossible."

The CNGSB commissioners, who are still in Caracas, insist that the military offensive which began in November 1990 has increased since early June, when the commissioners began talks with Cesar Gaviria's administration.

The government and the CNGSB began negotiations in Caracas in June to achieve a cease-fire. One month later, and without having achieved a cease-fire, they agreed to declare a recess and resume the dialogue on 15 July, but the rebels insist that a renewal of the dialogue "is impossible" because they lack the conditions to travel to Colombia.

Alfonso Cano, second commander of the Revolutionary Armed Forces of Colombia (FARC), reported in a news conference that the zones where the FARC delegates were scheduled to arrive—located in Meta, Caqueta, and Huila Department, south of Bogota—have been seized by the Army. According to the guerrilla groups' calculations, the Armed Forces have mobilized approximately 6,000 men to the zone.

Meanwhile, Francisco Galan, a member of the Army of National Liberation (ELN), said that the ELN commissioners had notified the government that they would return through Antioquia Department. There are currently 3,000 troops in the zone and fierce clashes have occurred, he added.

"Military pressure has increased to the point that it prevents the government from implementing the pledges made in Caracas, because the CNGSB negotiating commission has not been able to return to Colombia to present its report on the negotiations," it is stated in a CNGSB communique read today by Cano.

Cano added: "The government is trying to intimidate us so that we adopt unilateral pledges. We do not know if there are any contradictions between the government and the military commanders, or if this is a dual position."

Moreover, Ivan Marquez, fifth commander of the FARC, announced that government spokesmen have scheduled a trip to Caracas on Friday 12 July to seek alternatives to allow the rebels to return to Colombia.

Rebels Blamed for Delay in Caracas Peace Talks

PA1007191791 Bogota Inravision Televisino Cadena 2 in Spanish 1733 GMT 10 Jul 91

[Report by Ricardo Canon]

[Text] The peace talks in the city of Caracas have been postponed because of actions by the guerrillas, not the government. The talks in the Venezuelan capital will resume by the end of July.

Despite the terrorist offensive that has been launched by the guerrillas, the government reiterated today the transportation guarantees for the commissioners of the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] to meet with the maximum rebel leaders in Colombia.

[Begin recording of Jesus Antonio Bejarano, presidential adviser for peace] The government will maintain and comply with its commitment to facilitate transportation for the CNGSB representatives to Colombia, as specified in the Caracas discussions. Any changes to those guarantees would entail a different discussion. We agreed to transport them to Colombia with some guarantees. For example, in Caracas we did not agree to suspend operations to facilitate a meeting of the insurgents' commission with the secretariat of the CNGSB High Command. We did not agree to this.

We agreed to bring them back to Colombia and take them to a specified location, suspending operations for a specified time. This will give them guarantees to arrive in the country and move about safely.

In any event, we are determined to comply with the commitment that we signed, regardless of the public order situation of the country. [end recording]

A government commission that has been tasked with arranging the return of the guerrilla delegates to Colombia is expected to travel to Caracas within the next few hours. The transport of the rebels to Colombia has reportedly been postponed three times.

Guerrillas Blame Gaviria

PA1007193791 Madrid EFE in Spanish 1800 GMT 10 Jul 91

[Report by Alba Infante]

[Text] Caracas, 10 Jul (EFE)—Two top leaders of the Simon Bolivar National Guerrilla Coordinating Board (CNGSB), Manuel Perez and Manuel Marulanda Velez, today accused Colombian President Cesar Gaviria and the Armed Forces of delaying the peace dialogue that were scheduled to resume in Caracas 15 July.

In a radio interview from Colombia with representatives of the foreign press accredited in Caracas, Perez and Marulanda pointed out that the government did not honor the agreement to guarantee the return of the members of the CNGSB delegation to Colombia to report to their respective commands on the progress of the talks.

Colombian guerrilla leader Marulanda Velez, alias "Tirofijo," charged that the Army launched a vast military operation in areas where the guerrilla negotiators were planning to return from Venezuela, and this led to a counter-offensive by the rebels.

Marulanda, chief of the Revolutionary Armed Forces of Colombia (FARC), conditioned the resumption of the dialogue on "the Army clearing the area where the guerrilla commanders who are in Caracas were planning to arrive."

The government and the CNGSB were planning to begin the third round of peace negotiations on 15 July, as was agreed during the previous round of talks that concluded in Caracas last 25 June.

"The dialogue should be postponed until the government honors the commitment of guaranteeing the return of our representatives to Colombia," Manrulanda said.

Former Spanish priest Manuel Perez, chief of the Army of National Liberation (ELN), said that while they were negotiating peace in Caracas, a massive military operation was launched throughout Colombia for the purpose of reaching the CNGSB leadership.

Perez said that the Colombian people should understand that the delay in the dialogue is a consequence of that military action, and that the guerrillas merely counterattacked.

"With or without the consent of the Colombian Government, the Army unleashed that offensive, but we are militarily prepared to confront them" and "we will not yield," he added.

The top ELN leader did not rule out the possibility that for the sake of the peace talks, he might travel to Caracas to propitiate a bilateral cease-fire agreement.

"For the sake of peace in Colombia, I am willing to go where it is necessary," but "as long as there are guarantees and the pertinent conditions" on the political will of the government to reach an agreement, he stressed.

The credibility of the executive branch "is very much undermined" by the fact it has not complied with the Caracas agreement, but at any rate, "we are optimistic" that an agreement might be reached for the sake of peace in Colombia, Perez emphasized.

Marulanda warned that "he does not rule out a trip to Caracas," and he would be willing to travel when "we are practically on the threshold of a peace treaty."

Both CNGSB leaders looked upon as favorable the possible incorporation of Armed Forces representatives into the government negotiating commission that is led by presidential peace adviser, Jesus Bejarano.

Manuel Perez said that a direct dialogue with the military "would be very important, because topics directly related to the armed confrontation and the violence taking place in Colombia could be discussed."

He also assured that the incorporation of the Armed Forces into the dialogue "would be a great step forward."

"Commanders" Alfonso Cano and Francisco Galan lead the CNGSB negotiating delegation that has been in Venezuela since June and has been unable to return to Colombia to report on the results of the talks.

Sabotage Cuts Electricity to Barranquilla

PA1007174491 Bogota Inravision Television Cadena 2 in Spanish 1738 GMT 9 Jul 91

[Text] The situation on the Atlantic coast has reached dramatic levels due to severe poer rationing. A predawn explosion at another power tower today aggravated the situation of the region's seven departments.

As a result of the blowing up of CORELCA's [Electric Corporation of the Atlantic Coast] tower 57, located between Sabanalarga and Termo Barranquilla, Soledad municipality, Barranquilla was completely cut off from the electrical system that connects the city with the country's interior.

[Begin recording] [Reporter] How much has electric poer been reduced in Barranquilla and the coast?

[CORELCA official] In Barranquilla by 50 percent. When the generators that are being started cut in, however, the deficit will be down to 25 percent. [end recording]

To this sabotage must be added the new attacks on the interconnection system in Antioquia and Santander, which left a large area in the seven coastal departments in darkness. The domestic, industrial, and commercial economy of this section of the country has been severely affected. A large number of enterprises have already shut down their installations.

* First Human Rights Office Opens in Medellin

91SM0387H Bogota, EL TIEMPO in Spanish 8 Jun 91 p 8C

[Text] Medellin—Since early last week service has been provided 24 hours a day for all Antioquians wishing to report any crime against human dignity.

For the first time, the country will have a human rights office available, in which complaints will be heard from citizens regarding missing persons, improper detentions, and violations on the part of the security agencies.

Last March, all types of charges began being received, such as those of police abuse and aggression, parents' abuse of children, illegal detentions, and missing persons. However, the largest number of complaints is associated with detentions.

Although there are no statistics on the number of complaints received previously by the prosecutor's office, a check will be initiated in that office, to make a subsequent evaluation determining whether or not it is proving effective.

Jesus Maria Valle, chairman of the Medellin Human Rights Committee, remarked that the lack of statistics is due to the absence of infrastructure for receiving the number of complaints brought daily.

To make a complaint, it suffices to call number 2162626, or to visit office 201 in person. The office is located in the Cosmos building, on Salamina and Colombia Streets, in this city.

Once the person explains his case and is questioned, the officials begin the first hearings, initially checking with all the security agencies to determine where the detained person has been taken, and to ascertain the reasons.

Gustavo Hurtado, coordinator of the human rights office, commented: "Our function is immediate action, to find out where the person is being held before he is moved to another location, and to inform his relatives."

If the case merits continuance of a disciplinary investigation, it is sent to the prosecutor's office, where it is turned over to a qualified judge.

Another function of this office is to provide advice and to instruct the citizens in this type of case, although the settlement is incumbent on another level of authority.

Its officials are also responsible for making periodic visits, and being present at detention sites, to verify conditions in the facilities and the treatment received by those being held.

Subsequently, the officials will begin visiting the communities, to receive the residents' complaints directly.

To deal with these complaints, 17 officials were appointed, including lawyers, negotiators, and clerks from the prosecutor's office, the official representative's office, and the municipal government secretariat.

Groups of five persons, coordinated by an attorney, are responsible for covering each shift, so as thereby to provide services 24 hours a day.

One of the office's goals is the see to it that, with the supervision provided, human rights are respected, and the security agencies are reducing the arbitrary acts that they often commit against citizens. This change of attitude would in turn reduce the number of irregularities; which, in the final analysis, is what is being sought with the creation of this office.

Another task performed is the creation of awareness and the training of security agencies to apply the law properly, especially in the case of minors.

According to Hurtado, children under age 16 are still being held on premises intended for adults, such as jails and holding facilities. Hurtado added: "The Code on Minors is not being complied with, and we are looking into this."

The new human rights office in Medellin has been established as a pilot office, and if its results are favorable every city in the country will have one.

* Constituent Assembly Debates Judicial Reform

91SM0387D Bogota EL TIEMPO in Spanish
6 Jun 91 p 6A

[Article by EL TIEMPO staff writer Edgar Torres]

[Text] The first debate on reforms to the justice system ended in the Constituent Assembly with a rejection of popular election of municipal judges, pardon for common crimes, reduction of sentences, and repatriation of criminals.

The final 180 minutes of discussion on reforms to the justice system in Colombia virtually granted legal status yesterday, in the National Constituent Assembly, to the Office of the Attorney General of the Nation, popular election of justices of the peace, the accusatory system, and the Indian jurisdiction.

On the other hand, the 17 statements made by the Constituent Assembly members speaking in the debate gave evidence of the resistance to popular election of municipal judges, preservation of the present notary and registry system, repatriation of criminals held in jails abroad, reduction of sentences, and pardon for political crimes. Also adhering to this line, they neutralized pardon for drug traffickers and narcoterrorists.

The views expressed rejected repatriation as "absolutely inadmissible"; reduction in sentences, "because it is not an issue for the Assembly"; and the current notary and registry system "because it finances the wealth of a few, with a public function, and requires controls."

With the exception of Constituent Assembly members Maria Teresa Garces, from AD [Democratic Action] M-19, Alfredo Vazquez Carrizosa, and the Liberal, Julio Salgado Vasquez, the other 14 delegates who spoke became aligned in favor of the Office of the Attorney General of the Nation as a solution to the breakdown in penal justice in Colombia.

Salgado Vasquez, Vazquez Carrizosa, and Garces advocated the preservation and reinforcement of the National Directorate of Criminal Proceedings; but the majority view virtually "beat" that position.

The co-chairman of the Assembly, Horacio Serpa Uribe, speaking in defense of the Attorney General's Office, remarked: "Criminal Proceedings is a hybrid, with a seat in the jurisdictional branch, but subordinate to the executive branch: a hybrid without functional status."

He added: "The criminal investigation system in Colombia has failed, and it has failed persistently, despite the constant reforms and efforts of all the governments. A drastic restructuring is required as never before. The Attorney General's Office is just that."

He continued: "It has proven impossible to identify the criminals, to point them out, to put them in safekeeping with the authorities, or to try them. The rampant violence is constant, and there has been a proliferation and consolidation of the factors for violence: narcotraffickers, guerrillas, and paramilitary, and all because of impunity: the greatest incentive for crime."

Along the same line, the minister of justice, Jaime Giraldo Angel, remarked: "The breakdown of the judicial branch in Colombia is absolute. The Directorate of Criminal Proceedings is currently a fourth rate entity compared with officials of the top rank, such as the DAS [Administrative Department of Security], or the second echelon of authority, such as the National Police director. And this prevents an effective coordination of the Judicial Police."

Giraldo added: "Furthermore, the Directorate has no authoritative power over judges in the country. It cannot exercise any command over them. It it wants a judge to work on a holiday or during an emergency, it would simply have to ask him to do so as a favor. All this explains the reason for creating that great institution of the attorney general, and for establishing the accusatory system."

The Liberals, Carlos Holmes Trujillo and Fernando Carrillo, the AD M-19 delegate, Alvaro Echeverri Uruburu, and the Conservatives, Augusto Ramirez Ocampo and Hernando Londono, spoke on behalf of this line of argument (backed essentially by the obvious crisis in the penal system and the present infrastructure).

The Controversy

Nevertheless, although the creation of the Office of the Attorney General of the Nation did not precipitate any major division, the atmosphere surrounding the origin of the attorney general and his possible dependence on the executive branch or the jurisdictional branch was different.

The Liberal, Fernando Carrillo, stressed: "The attorney general cannot belong to the judicial branch, because he performs exclusively executive functions such as control of the Judicial Police and the collection of evidence, which is not exactly a task for the justice system."

Giraldo declared: "The government agrees that the attorney general may be incorporated into the jurisdictional branch, in view of the fear of possible excesses. If it wishes to request that he be appointed by the Superior Council of the Judicature or the Supreme Court of Justice, it must, however, be from a list of three candidates sent by the president."

The Social Conservative Party member of the Constituent Assembly, Augusto Ramirez Ocampo, claimed: "The attorney general of the nation cannot be on a new echelon of the executive branch, much less functionally subordinate to it."

Meanwhile, delegate Echeverri Uruburu commented: "An attorney general subordinate to the executive branch entails, essentially, the risk of an official justice system, and that risk cannot be run by the country. This is especially true when that attorney general will decide on preventive detention, whether or not a charge should be brought against an accused person, etc."

Serpa Uribe, for his part, declared: "An intermediate formula must be found because, although the attorney general cannot be subordinate to the executive branch in Colombia, it must be very clearly stated that, confronted with this vicious, difficult situation, a judge today needs defense with arms, and protection through the public force. It is what the criminals demand that has been imposed on us."

The expansion of the functions to be discharged by the attorney general (investigation and accusation of the state's highest dignitaries, except for the president), and the area in which he must begin operating (investigation of all crimes or solely those related to organized crime) also divided opinions.

The minister of justice and the Constituent Assembly member, Holmes Trujillo, came out in favor of a gradual establishment of the system, starting with the crimes of drug trafficking and terrorism.

The minister observed: "If all crimes are assigned at the same time, the Attorney General's Office will fail." Holmes claimed that, "It would be a time bomb."

* CIC Report Indicates Increase in Violence

91SM0387C Bogota EL TIEMPO in Spanish
4 Jun 91 p 11B

[Article by EL TIEMPO judicial editor Luis Canon Moreno]

[Text] While peace is playing its cards in Caracas, with the dialogues between the government and the guerrillas, and with Escobar's possible surrender, the records show the proliferation of other criminal agents. There is a resurgence in private justice.

The violence enveloping Colombia is not letting up. This has been proven by the increases (during the first five months of 1991) in the figures on terrorism, homicide, kidnapping, and personal injuries, compared with those for the same interval last year.

During the past 151 days, 545 terrorist attacks have occurred, compared with 298 in 1990.

In the universe of homicides the number totals 9,983 Colombians killed, with an average of 66 crimes per day. The increase compared with the previous year is 16 percent.

Meanwhile, the procession from the kidnapping "industry" continues to gain space. The 605 such crimes committed during the first five months of last year have now risen to 825, with a 37 percent increase.

The data confirming the rising spiral of violence are part of a report prepared by the National Police Center for Criminal Investigations (CIC).

Those figures, submitted exclusively to this newspaper, are being published at a time when the national desire for peace is playing its cards in Caracas, with the meeting between government delegates and the Guerrilla Coordinating Group. And in Antioquia there is the announced surrender of Pablo Emilio Escobar Gaviria, chief of the Medellin Cartel and the principal agent of narcoterrorism in Colombia.

To explain the reason for this situation, EL TIEMPO consulted experts from the National University's Center for Political Studies, a specialist from the CIC, and Rafael Pardo Rueda, a consultant for national security.

In the opinion of Hernando Valencia Villa, from the National University, the escalating action taken by guerrillas (whose acts the CIC categorizes as a type of terrorism) is due to the need to create more tension in the violent situation, so as to arrive at the dialogue table in a better negotiating position.

So much so that the initial agreements for the meeting in Cravo Norte were preceded by an unprecedented terrorist escalation, which attacked the highway system, the productive system, and the communications network during the first three months of this year, after the military action at Casa Verde.

The total losses to the country at the time amounted to 250 billion pesos, according to the Ministry of Development.

Valencia claims that the two active guerrilla groups (the Army of National Liberation, ELN, and the Revolutionary Armed Forces of Colombia, FARC) are now accruing the dividends from their strategy: dialogue and a search for political solutions. Meanwhile, their violent action showed a decline last month, when they committed 45 criminal acts, compared with 66 during the same period in 1990.

Kidnapping, which has become the most serious manifestation of crime in Colombia, is still on the rise, basically because of the profits that it generates, and the impunity with which the criminal organizations are acting.

"It is a business producing excessive dividends. We calculate at least an averge payment of 30 million for each kidnapping, whereas the costs to the gang committing it do not amount to over 9 million pesos for the purchase of two stolen cars, the rental of housing for a few months, and food for the victim and his captors assigned to guard him."

This statement was made by Miguel Angel Afanador, one of the CIC investigators, who thinks that the organizations of hit men (now without work orders from drug

traffickers), other gangs of common criminals, and guerrillas are finding large profits in the commission of this crime.

Afanador claims that the ELN received nearly 11 billion in 1990 (as net profits from Coltejer and Shell last year) in ransom payments.

Rafael Pardo Rueda remarks that the government is aware of this situation and therefore, in the national strategy against violence introduced to the society 10 days ago, special emphasis is placed on dealing with the phenomenon. This is to be done in the sectional security councils, with citizens' education and crime prevention and, essentially, with the forthcoming creation of 11 anti-kidnapping units.

Homicides on the Rise

The other increasing spiral is that of homicides. In Colombia, one person dies every 22 minutes as a result of the action of violent individuals.

According to Jaramillo, the analysis made in the National University's Center for Political Studies shows, during 1991, "an accelerated resurgence of paramilitary groups, who carry out private justice, basically through assassination. We are seeing them acting in Magdalena Medio, in the Santanders, in the coastal interior, in Boyaca, and in the Plains."

Moreover, the violence in the metropolitan area of Medellin is contributing to an increase in the homicide rate.

There, People's Militias, gangs of hit men, common criminals, and government violence are converging for the escalation that is occurring.

Valencia comments: "Oddly enough, the elimination of the 'Los Priscos' ring has instigated more killing. They controlled the other gangs of hit men, who have now been released."

In the view of the National University investigators, the national strategy against violence has the virtue of being a well thought out, coordinated response aimed at eliminating impunity, restoring the presence of the state, and recovering the monopoly on force.

Nevertheless, in Valencia's opinion the government, in its strategy, is timid in areas such as protection for human rights, or implementation of accords such as the Geneva Convention, guaranteeing respect for the civilian population.

The country has reached the point where the number of personal injuries also increased from 16,076 to 16,500 between the past five months of 1991 and the same interval last year.

* Anti-Inflation Plan Seen Slowing Growth

91SM0358B Bogota EL TIEMPO in Spanish
26 May 91 p 1C

[Article by Luis Alberto Lopera]

[Text] Gloomy predictions about what will happen to the economy have begun to grow and, what is worse, come true. As a result, unions and a number of analysts have sounded the first warnings, still "on yellow," asking the government to loosen the belt a little.

The request may well become more urgent in the months ahead because early analyses show that growth in some activities is slowing more than anticipated.

Although the figures are lagging somewhat, partial indicators are irrefutable: Industry, commerce, and construction, all of which contribute heavily to the gross domestic product (GDP), have been hit hard by the adjustment, even if some subsectors do show an improvement.

Just who is responsible? The anti-inflation policy. Measures passed by the government to lower the cost of living (holding steady at over 30 percent) have done what was expected, achieving a sharp drop in demand. It is a mechanism which, even if it takes its time, should be reflected in lower prices in the months ahead.

And yet, however noisy the protests, President Cesar Gaviria insists he will not yield, refusing to heed those asking him to loosen the belt because his priority is to prevent the country from continuing with the current high rate of inflation. Furthermore, he understands full well that the price to be paid is slower economic growth.

Industry Hard Hit

Those most worried, perhaps, are businessmen in the manufacturing sector, according to the National Association of Industrialists (ANDI), production dropped 3 percent over the first three months and sales 1 percent. Even if these are only partial results, the drop is very significant when compared with the positive figure of 6.5 percent for 1990.

While it is true that the situation could change in the months ahead, it is feared that growth this year will be under 1 percent or even that manufacturers will have a negative rate as they did during the recession in the early 1980's.

Nor is their worry ill-founded. Of the 16 manufacturing firms analyzed, 12 demonstrated an abrupt slump in growth during the first quarter, while only four exhibited some recovery.

Food, which rose 11 percent last year, has stagnated. Textiles, which produced a low positive figure, experienced a drop of 12 percent, while the oil industry and derivatives quadrupled their drop to 20 percent.

Glass products, nonmetallic minerals, iron and steel, machinery (except electrical), transportation equipment, and paper and paper products are also hard hit.

The sole areas exempt are ready-to-wear industries, with growth of 15 percent, leather and shoes, electric machinery industries, which went from being in the red to growth of 8.6 percent, and beverages and tobacco, whose growth exceeds that of last year, even if it is modest.

One of the most depressed areas is the automobile industry. Sales dropped 11 percent in 1989, 8.2 percent last year, and another 12 percent between January and February of this year, a figure expected to continue throughout the year. In absolute figures, this means that, compared with nearly 60,000 vehicles sold in 1988, this year's total will scarcely reach 45,000.

No Buying or Building

If things are bad for manufacturers, merchants are in even worse shape. They are the ones who, in the final analysis, feel the overall effect of the drop in demand.

The 2.9-percent drop in retail sales in 1990 was repeated in January and February, according to the National Administrative Department of Statistics (DANE).

The National Federation of Businessmen (Fenalco) has reported that never in the past six years has it heard such universal complaints about low sales from the sector. This is the main problem, say 51 out of every 100 merchants.

The most hard-hit are: pharmacies, with a drop of 18 percent; vehicles and spare parts, 13 percent; pottery shops, bazaars, and miscellaneous, 6 percent; and hardware, food, beverages, and tobacco, and furniture and domestic electrical appliances, between 1 and 4 percent.

Clothing and shoes are safe, with growth of 6 percent during the first two months, as are so-called "unclassified" goods, 4, and fuel and lubricants, which recorded no real growth in sales, .5 percent.

Construction remains in a slump, although with hope. Based on licenses approved durng the first quarter, housing experienced a drop of 12 percent. Between January and March, licenses were issued for 1,106,664 meters, down 150,000 from the same period of last year, equivalent to about 2,200 70-meter apartments.

Construction as a whole is not doing so badly, however, saved by offices, warehouses, storage facilities, and industries, all of which recorded a 30-percent increase in licenses, equivalent to an additional 125,000 meters.

The previous results are not simply cause for concern because in some cases, they may get worse. Indeed, the drop in demand has scarcely begun to be felt and will accelerate during the second half of the year.

By that time, the increase in production costs (30 percent in industry) and the high cost of credit (when it can be obtained), which has reached legal levels of 50 percent and 60 percent outside the banks, will be felt more heavily.

It is this situation that enabled the financial sector to be one of the few that started the year in good condition, with profits of nearly 60 billion pesos in three months, an increase of 60 percent over the same period of last year.

This is why pressure will be put on Minister Rudolf Hommes to loosen the belt and offer more cheap credit. In addition to the fact that real rates are very high, credits rose by only 2.4 percent during the first quarter, compared with 9.2 for inflation and 5.3 for deposits.

Gaviria: "I Refuse To Give In"

The government nevertheless maintains that there is no recession and that although it is aware of the fact that credit has been restricted somewhat, various institutions have 800 billion pesos to loan.

It argues that the economy is merely feeling the anticipated effect and guarantees that the second half of the year will be easier. At the same time, it admits that because of the difficulties, it has estimated the economy will grow by only 2 to 2.5 percent, half of last year's figure of 4.2 percent.

In the midst of the approaching debate, a number of points may clearly emerge. One is the effect of middlemen on the cost of living. While manufacturers say their profits amounted to 8 percent of sales and 18 percent of holdings, the Ministry of Development refers to distributor profit margins of 40, 50, and even 60 percent, in some cases.

The picture is therefore not clear, particularly when one recalls that while in the early months of the year it was the productive sector that felt the impact, it is the perchasing power of the people that will fall during the second half of the year due to the high cost of living—wage adjustments were lower than in other years—and greater unemployment, which will begin to be seen during the second half of the year.

Some analysts nevertheless maintain that there is no reason for extreme pessimism because current difficulties will ease if the peace process is successful and particularly when fears over changes approved by the National Constituent Assembly dissipate. By that time, they hope the brake on the economy will not be squeaking so loudly and that the country will be getting ready to resume growth.

Growth in GDP 1990

Sector	Percent
Agriculture, forestry, hunting, fishing	6.7
Mines, quarries	8.0
Manufacturing industry	6.6
Electricity, gas, water	4.8
Construction	-6.7
Commerce, restaurants, hotel trade	2.0
Transportation, warehousing, communications	4.0
Financial institutions, insurance, real estate, business services	4.1
Communal, social, personal services	3.5
Total	4.2

The government's projections were wrong. Until a week ago, all analyses predicted that in 1990, the gross domestic product (GDP) rose 3.7 percent, but DANE's latest analysis was 4.2.

That result, one point above the 1989 figure, was mainly due to the behavior of the mining, agricultural, and manufacturing sectors.

These indicators must now be forgotten. Even if the government talks of 2 or 2.5 percent for this year, some analysts believe that if adjustments continue to be made in the economy until inflation drops to 22 percent, not even that prediction will come true and the recession could reach truly dramatic levels.

* Census Results Show Little Economic Progress

91SM0387B Bogota EL TIEMPO in Spanish
4 Jun 91 p 4B

[Article by EL TIEMPO staff writer Luis Alberto Lopera]

[Text] The fact that there are nearly 500,000 establishments with fewer than one worker means that the employment generated is highly unstable, and that the levels of social security in the country could deteriorate further still.

The belief that the country has progressed to a considerable extent seems to be nothing more than that. According to the National Economic Census, the Colombian economy is still weak, because it is based largely on microbusinesses and commerce.

This simply means that the country's backwardness has not changed to any great degree. The Finance Minister, Rudolf Hommes, admitted this when commenting on the investigation conducted by the National Administrative Department of Statistics (DANE) over a 10-month period.

The most important conclusion, which is prompting many to consider how bad our situation is, indicates that, out of slightly over a million businesses in which a census was taken throughout the country's urban areas, 874,000 (87 percent) had fewer than 10 employees.

This result is disturbing from any standpoint; but there is another that is even worse. When the sizes of the establishments were broken down, it was found that nearly 50 percent (half a million businesses) had one employee each.

That low level of job generation appears both in commerce and industry, which were the principle subjects of the census. For services the investigation did not include data broken down by employees.

Out of slightly over 560,000 businesses engaged in commerce, there was only one worker in over 300,000; and in nearly all of them it was their owner. The large businesses in this sector, with over 50 workers, totaled only about 1,700.

Something similar has occurred in industry. Out of 314,000 establishments, there was one employee in 97,000. Most them were in home-based microindustries. The large ones, with over 50 persons, numbered about 8,000.

For this reason, the average size of all the establishments covered in the census, based on persons employed, proved to be very small: totaling four. In first place was industry, with 9.2 workers; and in last place, commerce, with an average of 2.4 workers.

Insecure Employment

Indicators such as these have enabled many to claim that the Colombian economy is very fragile, and is facing certain dangers over the medium and long terms.

Why? The census data even confirmed the hypotheses in this respect cited in certain national and international studies.

The most significant of them, published a few months ago, was that prepared by the Employment [Economic Recovery] Program for Latin America and the Caribbean (PREALC). It concluded that Colombia is one of the few

countries to succeed in reducing unemployment and maintaining the income level at the end of the last decade. Nevertheless, it warned that much of this had been achieved as a result of the boom in microbusinesses.

That analysis made by PREALC, which is a regional agency subordinate to the International Labor Organization (ILO), voiced some concerns that are vital for understanding what the fact of microbusiness predominance means.

The ILO investigation learned that this economic activity was proving very important from a certain standpoint; but that, at the same time, it left two unresolved concerns for the government to analyze.

The first is that, since units that are not strong and have little capital are involved, the jobs that they generate are highly insecure. And the second, perhaps even more disturbing, is that they are deteriorating the level of social security, because most of the microbusinesses are exempt from certain contributions to those services; and, furthermore, they do not recognize all the social benefits.

This does not mean that microbusinesses are insignificant. Many developing economies, including those in Asia, and specifically that of Taiwan, are not based on large business firms, but rather on micro-, small-, and medium-sized firms. However, there is a great difference: There are powerful marketing entities responsible for seeking markets for their products. This affords them security and guarantees the maintenance of their employment level.

Too Many Middlemen

Apart from the existence of many small businesses, one of the facts that has attracted the most attention is that commerce is dominant.

Out of a million establishments counted in the census, 563,000 are engaged in commercial activity, and the majority are small family-run shops.

According to Minister Hommes, this number is disturbing. Its explanation is simple: These are businesses that create much employment (at a low investment cost), but that are unproductive. The commercial establishments generate slightly over 1.3 million jobs out of a total of nearly 4 million counted in the census.

The fact that there are so many merchants has prompted some to think that there is a constant increase in the chain of middlemen for manufactured products and in the agricultural-livestock sector: large wholesalers, small retailers, and retail distributors.

Although there have been no precise investigations into this topic (only the case of meat, with eight middlemen, is known), in commenting on the existence of so many commercial businesses Hommes did not preclude the possibility that this may be one of the phenomena making it more difficult to fight the cost of living.

That theory does not seem far removed from reality. On several occasions certain industrialists have given a reminder that their price hikes are not so high as those recorded by DANE. This would lead one to conclude that too many middlemen cause prices to rise higher.

Apart from these two major disclosures from the census there are other data that will prove vital for analyzing the state of the economy, and the action that the government should take with a view toward the future.

Of the million establishments, 833,000 are individually owned. Ranking second were limited companies, with fewer than 70,000 in the entire country; however, they are good generators of employment, with 24 percent of the total.

Corporations numbered 14,000, with 14 percent of the employment; and the so-called official entities, totaling 16,000, provide 10 percent of the employment.

The concentration of establishments, with half in Bogota (D.E. [Special District]), Antioquia, and Valle, is not really surprising. However, the fact that industrial development in certain regions has not improved during recent years, as a result of meager investment and transportation problems, is surprising.

Finally, it is important to remember that this census, which had not been taken for 20 years, will be essential for planning the future of the economy. The latter must be reinforced so that it will not lag behind the plans for Latin America's modernization.

Distribution of Personnel Employed by Sectors

Services	39.1 percent
Commerce	33.1 percent
Manufacturing Industry	21.0 percent
Rest	6.8 percent

Distribution of Establishments by Sectors

Commerce	56.3 percent
Services	31.4 percent
Manufacturing Industry	9.5 percent
Rest	2.8 percent

* Imports Register Slow Growth, Exports Fall

91SM0387A Bogota EL TIEMPO in Spanish
3 Jun 91 p 9A

[Text] Imports are increasing, although not at the rate expected by the government. During the first four months of the year, the Colombian Foreign Trade Institute (Incomex) tallied registrations for purchases abroad worth $2.296 billion, with a 7.8 percent increase over the figure for the same period last year.

The increment, at least in terms of registrations, exceeded by $166 million the $2.13 billion recorded between January and April 1990.

An Incomex report stresses that, although it is true that the import registrations show dynamics similar to those of the final months of last year, the fact is that the amounts registered do not exceed the levels for those months.

The government was apparently expecting the growth to be greater, in response to the measures adopted for the 97 percent exemption in the tariff universe, and especially with tariff reductions.

What worries it is the fact that imports declared to customs, which are the type actually being made, are declining, compared with those registered in Incomex, which represent only intentions.

Many Registrations

During the first quarter of the year a 10.5 percent increase was noted in the registrations tallied by the institute. They reached a value of $1.68 billion, compared with $1.52 billion for the same period last year.

This situation contrasts with an appreciable difference in customs manifests, which totaled $1.204 billion during the first quarter of this year, compared with $1.38 billion for the same period in 1990.

In January, for example, the increase in Incomex registrations was 88 percent, while customs manifests declined 16 percent.

In February the situation was more tolerable. Registrations increased by 9.3 percent, and manifests, 10.7 percent. During March, however, the trend was quite negative: registrations dropped 22.8 percent, and manifests, 28.6 percent.

The disparity between these figures occurs basically as a result of the time period for the registrations, ranging from 3.6 to 12 months for the party concerned to bring the respective merchandise. Although these periods may be extended, the fear is concentrated on the fact that they may also be cancelled, or the tendency shown in March may continue during subsequent months.

Owing to the changes made in Colombian foreign trade as a result of the economic openness, it is important to stress that the products in 97 percent of the tariff system, which is based on free importing, showed a 67 percent increase in registrations. On the other hand, those with a prior permit declined 74 percent, because it currently covers very products.

What has increased considerably are turnovers involving imports, due to the measures to accelerate them approved by the Monetary Board.

Turnovers amounting to $993 million during the first quarter of 1990 rose to $1.243 million for the same period this year. The increase was $249 million, or 25 percent.

Exports Decline

As for the performance of exports, on which only consolidated data for January and February are known, Incomex revealed that, during this first two-month period, they amounted to $914.6 million, with crude and by-products. This figure represented a 3.2 percent decline from that for the first two months of 1990.

Much of that decline has been explained by the 18.2 percent drop in export prices of petroleum and its by-products. Whereas, between January and February, that item totaled $177.5 million, for the same period of the previous year it amounted to $217 million.

On the other hand, the income from coffee sales remained stable. During the first two months of last year exports were made totaling $225.8 million, and this year they reached $224.3 million. The decline was 0.7 percent.

An Incomex report emphasizes that, based on sectors, the agricultural-livestock and mining sectors were to blame for the lack of growth in foreign sales. The former showed a 12.4 percent drop during the two-month period, while mining sales had a 13.3 percent reduction.

Fortunately, the manufacturing sector's sales, which have had a very good performance during the past two years, increased 13.2 percent during those two months compared with the same period last year. These sales were the ones making it possible to offset the declines in agricultural and mining sales.

Nontraditional exports, other than coffee and petroleum, amounted to $512.7 million during the first two months. The increase was very slight, namely, 2.1 percent; because they had totaled $502.2 million during the first two months of 1990.

The breakdown by products shows increases for lobsters and crawfish, fruits and vegetables, cacao, foods and beverages, clothing manufactures, and those of the chemical industry. And it shows declines for bananas, flowers, sugar, cotton, yarns and textiles, as well as other manufactures.

* Lower Coffee Prices Cost Economy $619 Million

91SM0387G Bogota EL ESPECTADOR in Spanish 8 Jun 91 p 8A

[Text] Bogota—The manager of Federacafe [National Coffee Growers Federation] claims that, by October 1991, the price should exceed $1.00 per pound. The "balance price" is $0.94 but, since the actual price stands at $0.90, exporters are being compensated.

During the past 24 months Colombia has lost $619 million as a result of the sharp decline in international coffee

prices, compared with the income accrued during the two years immediately preceding the period analyzed.

Between June 1989 and May 1990 the income from the sale of the bean amounted to $2.786 billion; whereas, during the same period in 1987 and 1989, it had reached $3.405 billion. As a result the decline totals $619 million.

The lower income was received despite the additional 5 million bags exported. The volume rose from 20.3 to 25.9 million.

The foregoing figures were disclosed by the manager of the National Coffee Growers Federation, Jorge Cardenas Gutierrez, during a luncheon organized by the Center for Colombian Studies to discuss the issue of coffee during the 1990's.

He claimed that, despite the decline in income and the capital depletion that it has incurred by assuming responsibility to producers for the purchase of the harvest, the National Coffee Fund still has a "cushion" of reserves to sustain it for awhile longer without reestablishing the Coffee Growers Pact.

Cardenas Gutierrez is confident that the external quotation for the beverage will reach $1.00 per pound starting in October. At present, it stands at $0.91 per pound.

Owing to the sharp decline in prices, even falling below the so-called balance price, in which there would be neither losses nor gains, the Coffee Fund is still compensating exporters for supporting the domestic price for coffee growers.

Two Years of Free Market

Cardenas Gutierrez noted that, after two years of a free market, it has been confirmed that this system is not the one that best preserves stability; nor it is the most suitable means for transferring larger volumes of funds to the producing countries.

"The free market has led producers into a virtual 'price war,' finding themselves forced to make massive shipments unprecedented in the history of coffee growing, at prices still below cost. They don't represent greater consumption, but rather a transfer of inventories from producers to consumers, who have taken advantage of the new situation to rebuild their stocks and increase their control of the supply."

He claimed that, between July 1989 and February 1991, the producing countries exported 129.1 million bags, with a difference of 20.3 million compared with the period from November 1987 to June 1989, when quotas were in effect.

Despite these larger shipments, the income declined by $4.304 billion, dropping from $15.6 billion to $11.296 billion during the same periods analyzed.

Regarding the prospects for the 1990's, the official maintained that this performance will be affected by the following variables:

The technological change in the entire process, from cultivation to the end consumer, as shown by the market.

The new varieties, and the new systems of renovation, fertilization, and plant health control, translated into larger production.

The new "container" transport system, which prevents losses and deterioration of the bean.

Marketing through the development of futures markets and the use of computers.

Over the medium term, production tends to decline, because external prices are not covering production costs.

In most countries there are no support prices, credit is lacking, and stocks are becoming depleted.

As for consumption, the Federacafe manager remarked that there are new products and new types of presentation and packaging that are encouraging young people to drink coffee.

Prospects

For the period between the coffee years 90-91 and 94-95 the analysts estimate that the world exportable production will increase from 69.9 to 73.4 million bags; with that of Colombia rising from 12.8 to 14.2 million.

Consumption, for its part, will increase from 72 to 78 million bags.

The stocks held by producers will decline from 30 to 23.6 million, and those of consumers, from 17.4 to 11.3 million.

As for prices, Cardenas claimed that no significant recovery is anticipated over the short term, owing to the large inventories held by consumers. They total 17.4 million, or 8 million more than they should normally be holding.

The Federacafe manager added that, over the medium term, the production trends indicate that prices could recover, because the market is heading toward a relative balance. This is due mainly to the decline in production, the expected increase in consumption by the European Community's single market, the social openness in Eastern Europe, and the favorable prospects in the Pacific Basin.

Insofar as Colombia is concerned, the harvest will amount to 14 million bags; and, for the year 1994-95, it will total 16 million.

*** Samper Announces Consumer Protection Measures**

91SM0387F Bogota EL TIEMPO in Spanish 6 Jun 91 p 15A

[Text] Yesterday the government announced seven strategies for reorienting policy on domestic trade, to promote its development and technicalization, while at the same time protecting the consumer.

As part of the new policy, taxes on foreign trade will be reduced for products of a monopolist or oligopolist origin.

This mechanism will affect, fundamentally, basic equipment for industrial sectors with a competitive structure and products for mass consumption.

It is a means for protecting the consumer and ensuring domestic competition, claimed Minister of Development Ernesto Samper Pizano as he formally installed the Superior Council for Domestic Trade. The latter, with the participation of the private sector, will be responsible for the implementation of this economic activity.

Based on these guidelines, new measures will be established to prevent contraband, to reinforce credit, to foster technological development, to improve the quality of information in the sector, to protect the consumer, to control restrictive commercial practices, and to promote transportation.

Samper admitted that, although the ministry is in charge of the commercial sector, the latter has traditionally been a neglected area lacking in clearcut policies.

Nevertheless, commerce ranks third in the generation of wealth (after the industrial and agricultural-livestock sector), and has a 30 percent share in the country's employment.

According to the domestic trade policy, the procedures applied to imports will continue to be curtailed, so as to reduce contraband.

In conjunction with the Ministry of Public Works, the Intra [National Transportation Institute], and the National Customs, a plan will be carried out to establish multipurpose transportation in the country permanently.

A study submitted to businessmen and trade union leaders in the commercial sector declares: "The intention is to simplify the multiplicity of documents and procedures for each type of transportation that it is decided to use, through the creation of a single document."

There will also be regulations on the liability of transportation operators, who will be responsible for merchandise from the time of its reception in the country of origin to its arrival at its destination site.

A special credit policy will also be devised, for the purpose of ensuring funds for working capital and investment in small commercial units and marketing cooperatives.

The People's Financing Corporation (CFP) will be open to small business, and the cooperatives will have access to the Bank of the Republic credit lines. This latter decision has already been made official by the Monetary Board.

For the present, it is planned to eliminate the requirement for marking prices on each item in the case of retailers who have bar code reading technology; and to have regulations on metrology, standardization, and quality systems in commercial processes.

There will also be changes in and regulations for the Industrial and Commercial Financial Fund, so that businessmen may finance investment in equipment and imported machinery through its credit lines.

A new regulation will be put into effect for the marketing of products on stock exchanges. The use of this mechanism will be extended to freight charges and agricultural-livestock equipment, and the futures market will be created.

During the meeting, Minister Samper awarded the Commercial Order of Merit to the manager of Almacenes Tia, Tomas Steuer, for his participation in the country's commercial sector.

Paraguay

Reportage of Soviet Ambassador Nikitin's Visit

Visit Detailed

PY0907031591 Asuncion ABC COLOR in Spanish 8 Jul 91 p 8

[Text] The Soviet Union's decision to establish ties with Paraguay, through the establishment of trade relations, will be conveyed to national authorities by the USSR's ambassador to Argentina, Vladimir Nikitin, who arrived yesterday in our country for a semiofficial visit that, in addition to meetings, includes preparations for the upcoming visit of a Soviet parliamentary delegation.

Vladimir Nikitin arrived in our capital yesterday afternoon after entering the country at Puerto Falcon. He personally drove the car of the Soviet Embassy in Buenos Aires. Nikitin was accompanied by his wife, Charapat Nikitin, his daughter Victoria, and commercial attache [title as published] Aleksandr Dogadin.

Surprising indeed was the fact that not a single government or protocol department official went to meet him, even to comply with an elementary rule of courtesy, considering that Nikitin is the representative of such an important nation as the Soviet Union. Although, it is not an official visit, Nikitin's arrival has been announced in the media for several days.

Our newspaper interviewed Nikitin in the Puerto Falcon Custom House. He said: "We have been waiting for this rapprochement for a long time, because it can lead to

mutually beneficial relations. When I stepped onto Paraguayan soil, I felt great emotion because I am the first Soviet ambassador to visit Paraguay."

During his stay in Asuncion, Nikitin will prepare the agenda for the visit of the Soviet parliamentary delegation from 24-28 July.

Regarding commercial links, Nikitin said: "After the visit of our trade representative, Anatoliy Timochenko, and bank representative (Vladimir Forossenko), we believe that steps already have been taken for Paraguayan and Soviet businessmen to act as the vanguard in the consolidation of relations. They can start trade operations because there are products for our markets here, and we can buy them."

Nikitin did not specify what products would be included in bilateral trade because that kind of decision, he said, is up to the businessmen themselves.

He revealed, however, that his country wants to open a commercial office in Asuncion to channel all the required market information.

Regarding the possibilities of an active commercial link, Nikitin said: "My country is going through great economic and social changes. I can assert that the Soviet Union is opening its market to the entire world. Therefore, I would very much like to see Paraguay take advantage of this opening to establish the commercial links we wanted for a long time."

He added that Argentine and Paraguayan businessmen will soon travel to the Soviet Union to explore the opportunities for trade.

Ambassador Nikitin will visit the Foreign Ministry at 0800 today to meet with General Affairs Under Secretary Oscar Cabello Sarubbi and Foreign Minister Alexis Frutos Vaesken.

He will then visit the National Congress at 0900, where he will be welcomed by the presidents of the two chambers. He will also meet with Basilio Nikiphoroff, president of the Agrarian Reform Institute.

Tomorrow Nikitin will meet with officials of the Industry and Commerce Ministry.

Envoy Interested in Products

PY1007153891 Asuncion ULTIMA HORA in Spanish 8 Jul 91 p 12

[Text] According to USSR ambassador to Argentina Vladimir Nikitin, the USSR is interested in acquiring agricultural and livestock products from Paraguay. He spoke following a meeting this morning with Paraguayan Foreign Minister Alexis Frutos Vaesken.

The Soviet ambassador said that these products are most interesting for the USSR market, which is implementing an open door policy for the time being.

Nikitin said, "First, we could talk about the products Paraguay can offer the USSR, that is, all the agricultural products it has for sale. The Soviet market, which is currently implementing an open door policy, is a potential market for Paraguay."

He then added, "We are interested in soybean, beef, milk, rice, hides, wool, and anything else Paraguay produces. Moreover, the USSR could offer Paraguay technology, methods to generate electricity, and light and heavy vehicles among other things."

The Soviet ambassador discussed with Minister Frutos Vaesken the preliminary agenda for a group of USSR congressmen who will be visiting Asuncion soon. They also disclosed the Paraguayan-USSR Chamber of Commerce which was recently created and which will coordinate future commercial relations between the two countries. This relationship will be handled, preferably, by the private sectors of the two countries.

"This chamber will coordinate and promote bilateral trade. We must open these possibilities. The time when we remained distant belongs to the past, now we must approach each other and assess our respective markets which, I believe, will be the task of the USSR-Paraguayan Chamber of Commerce," said Nikitin who did not dismiss the possibility of developing a "barter" system.

The Soviet delegation this morning also met with Paraguayan legislators in Congress to discuss the upcoming visit of Soviet legislators to Paraguay.

BCCI Bank Intervened by Central Bank 8 Jul

PY0907170691 Asuncion ABC COLOR in Spanish 9 Jul 91 p 8

[Excerpt] The Paraguayan Central Bank [BCP] intervened the Asuncion branch of the Bank of Credit and Commerce International (BCCI) on 8 July. The main office abroad of this bank has gone bankrupt due to accumulated losses from which it could not recover. The local branch closed its doors on 8 July, announcing that it would reopen on 9 July, but under the firm intervention of officials of the Superintendency of Banks. In a communique, the BCP indicates that it is adopting the pertinent measures to guarantee the interests of depositors and clients of the bank.

The intervention of the Bank of Credit and Commerce International (Overseas) Limited, as the BCCI is officially known in our country, took place on 8 July, and Agustin Silvera Orue is heading the group of interveners. Six inspectors will check the bank's status based because of the plight of the main office, which was originally in Luxembourg, but was recently transferred to Abu Dhabi.

It has been learned in government circles that this branch will presumably not have any trouble with local deposits, but there will be problems with savings that have been made and sent abroad. [passage omitted]

New Colorado Party Movement Established

PY0807125091 Asuncion HOY in Spanish 6 Jul 91 p 9

[Text] A new movement was established on the evening of 5 July within the National Republican Association [Colorado Party, ANR]. It is called the Revolutionary Democratic Action [Accion Revolucionaria Democratica—Arde]. According to its leaders, Arde seeks to "renew the party's leadership, to make the party more dynamic and sensitive to the yearnings of the people, to offer equal opportunities to all, and to reconcile party members with the objectives for which the party was created and with the party doctrine."

Arde leaders stated that the movement is a result "of the need to change the Colorado Party and its leadership." They also said that these needs are shown through the current lack of decision and imagination in solving the current difficulties. They concluded by saying that the fact that a radio program was suspended "on orders from above, clearly shows that the country, and the party, need new men to impose democracy in place of authoritarianism."

The members of the movement's coordinating board are: Antonio Garcia (president), Tomas Cajes, Juan Alberto Lopez, Juan Carlos Bareiro Perrota, and Casiano Ayala.

Yacyreta Plant Privatization Rejected

PY0907150691 Asuncion ABC COLOR in Spanish 8 Jul 91 p 11

[Excerpt] Foreign Minister Alexis Frutos Vaesken stated, "The privatization of Yacyreta [hydroelectric plant] has been totally rejected" upon his return to Paraguay on 7 July, although he did make it clear if this topic had been discussed with Argentine authorities during President Andres Rodriguez' recent trip to Buenos Aires. Moreover, he ratified that the Corpus [hydroelectric project] will be viable for privatization through the system of public works concessions. He also revealed that Chile and Bolivia are interested in joining the Mercosur [Common Market of the South]. [passage omitted]

Peru

Further on Shooting Down of Small Aircraft

PA1007192091 Paris AFP in Spanish 1806 GMT 10 Jul 91

[Text] Lima, 10 Jul (AFP) A source in the city of Tarapoto, the largest city in San Marti Department, told AFP today that national police agents shot down an aircraft yesterday, killing approximately 15 [number as received] people in the Peruvian jungle in retaliation for not being allowed to board the Aerochasqui Airline's turboprop, because they were drunk.

Army General Jaime Rios, political and military chief in the eastern Huagallaga region, left early yesterday for Bellavista, the site of the crash, located 800 km northeast of Lima, to begin the investigations, according to a military spokesman in Tarapoto. The army sent two helicopters with civilians and police authorities aboard to return the bodies to Tarapoto.

Based on preliminary reports, two policemen wanted to board in Bellavista to go to Pucallpa, but the staff of the plane did not allow them to because they were drunk, Radio Tarapoto's Mario Vasquez said.

The first person to give this information was a wounded crew member who arrived by his own means to Bellavista, although he died later. Aerochasqui has not said officially how many people died on the aircraft, but reports from Pucallpa indicate that all 15 passengers were killed.

Two Peruvian Air Force technicians were identified among the victims. The airplane, was on a route in the Amazon region, crashed in El Burro Mountain, two km from Bellavista.

Radio station sources confirmed that the town's people were immediately outraged and threatened to take over Bellavista's police garrison. The sources added that the Tarapoto residents are also angry with police over this incident, but the sources did not report any clashes. Aerochasqui management in Lima declined to say if they would file a criminal suit against the national police. Board chairman Paul Fiedler dismissed the view that the airplane could have been mistaken for a light aircraft used by drug traffickers in the zone. "The company's name is highly visibly on the twin motors," he noted.

Fujimori Reponds to Amnesty International Report

PA1007192291 Paris AFP in Spanish 0639 GMT 10 Jul 91

[Text] Lima, Jul 9 (AFP)—On 9 July, President Alberto Fujimori accused the terrorist groups of "being the first to violate human rights in Peru over the last 11 years."

The president stated that the violations committed by policemen and soldiers have been reduced by 50 percent. Fujimori explained, however, that this reduction is not satisfactory because the government's main objective is to "completely wipe out" the abuses of those who are fighting the irregular forces.

Fujimori pointed out that "little is known about the human rights abuses of peasants by terrorist groups in towns far from the Andean region."

The president stressed that his government is trying to reduce and eliminate the cases of missing people in the country. He warned, however, that "no one can forget that subversive groups such as the Maoist Shining Path and the pro-Guevara Tupac Amaru Revolutionary Movement (MRTA) commit most of the human rights violations in the country."

President Fujimori said there is confusion over the cases of missing people, adding that the subversive movements themselves may be the source of the confusion.

After his visit to Lima last week, Ian Martin, general director of Amnesty International, said that "the state practices tolerance of systematic violations of human rights."

Meanwhile, Sofia Macher, an Amnesty International representative in Peru, said on 9 July that the human rights situation in this country is worrisome and delicate, given the large number of disappearances and executions.

According to estimates by pro-human rights organizations, in the last 10 years, more than 4000 people have been reported as missing.

Police General Removed in Drug Theft Probe

PA0807004791 Madrid EFE in Spanish 2319 GMT 7 Jul 91

[Text] Lima, 7 Jul (EFE)—It was reported here today that a Peruvian police general has been temporarily removed from his post and four officers and a policeman arrested for their alleged responsibility in the disappearance of 100 kg of pure cocaine from an official warehouse, which was recently denounced by a parliamentary commission.

The temporary removal of General German Gutierrez, head of the Technical Police's Directorate of Investigations on the Illicit Trafficking of Drugs (DINTID), was announced publicly in an official communique by the National Police General Directorate.

The communique states that the measure was taken to "guarantee an impartial investigation and to permit the incident to be cleared up." The note also reports the arrest of a colonel, a mayor, two captains, and a subordinate whose identity was not disclosed, but who are considered to be responsible.

The communique noted that the directorate ordered the intervention of the inspector general of the police corps to establish administrative responsibilities, while tomorrow, Monday, State Prosecutor Julio Delgado will begin to interrogate the two policemen allegedly involved.

Deputy Julio Castro, chairman of the commission investigating the destination of the drugs seized from drug traffickers, made the charge last Wednesday and Thursday.

During an inspection, Castro and the members of his commission discovered that 54 kg of cocaine, out of a total of 243 kg seized 12 June in a jungle region of the country, had been stolen and replaced with an equal amount of flour in the National Coca Enterprise warehouse.

The following day, the same deputy reported that 46 kg of the same shipment had been stolen after it was taken to the DINTID and submitted to analysis in the criminal investigation laboratories.

Military Searches for Shining Path Leader

PY0607024591 Lima LA REPUBLICA in Spanish 29 Jun 91 p 27

[Excerpt] Military sources reported today that Army troops are carrying out intense search operations in a vast Andean region in Peru under the assumption that Abimael Guzman, main leader of the Maoist guerrilla organization, Shining Path, is operating in the region.

The sources said there is a continuous movement of helicopters carrying military reinforcements to Huamanga and Huancavelica Departments.

"The Army has launched operations in various points. It has also transported combat troops to the zone, because it believes that Guzman is in the area," the sources said.

Guzman is known by his followers as "President Gonzalo. As head of a group of extremists that has caused the deaths of 23,000 people in the country during a period of 11 years, he is at the top of the most wanted list in Peru.

This is not the first time that security forces have launched search operations for Guzman in the Andean region since the Shining Path appeared on the scene in Ayacucho in 1980. So far, Guzman has been able to escape encirclement, the military sources said. [passage omitted]

Reports on Shining Path Propaganda in France

PY0607023791 Lima EXPRESO in Spanish 19 Jun 91 p 5

[Reported by Jorge Salazar]

[Excerpts] Paris is a party, the dream of an adolescent, and a city with libertarian traditions. In Paris, the feet of our correspondent stumbles not only on beautiful women, but also on Kurd and Tamil people who curiously, and to the correspondent's amazement, ask about the guiding thought of President Gonzalo. It is obvious that "Sol Perou" (Solidarity with Peru) is doing a good job of propaganda among the political immigrants and exiles living in the French capital. But man does not live on guiding thoughts alone. Man also need bread, caucau, and anticucho with potato [Peruvian foods]. [passage omitted]

For many of the exiles, who attend conferences and seminars organized by "Sol Perou," the Shining Path is the greatest and superior example of militant and combative consistency. For them, the Shining Path fights with arms in their hands in the Peruvian foothills, and with ideas—and for the entire Americas—in frivolous Paris.

The Shining Path has undoubtedly been able to organize in the French capital, under the direction of Maximiliano Durand Araujo, the most cohesive group of militants and sympathizers that the movement has in Europe. Because everything goes in a war, Shining Path militants in Paris not only offer "President Gonzalo's" "guiding thoughts" to convince those who need convincing; they also use the delicious Peruvian gastronomic arsenal. To attend a "Sol Perou" meeting also means that sympathizers will lick their fingers with the "cau-cau," the "potato a la huancaina," the cebiche, and the anticuchos, and with a "death to genocidal Spain."

* Role of President's Lawyer Further Questioned

91SM0389A Lima CARETAS in Spanish
24 Jun 91 pp 40-42

[Report by unidentified CARETAS reporter: "Montesinos: Another Gem"]

[Text] Defending drug traffickers is not a crime in itself, but going from that to being the attorney for the president of the republic is a difficult moral leap. If Fujimori himself has said that his aides are people of irreproachable behavior, his association with Montesinos is strange, at the very least. The fact is that this attorney who claims expertise in military, police, and intelligence affairs has led the president to believe that thanks to his efforts in the National Intelligence Service, victories are being achieved in the battle against subversion, when actually these victories are due to the sacrifice of a group of brave police officers.

President Alberto Fujimori, at a meeting with foreign correspondents less than a month ago, placed special emphasis on the fact that he made sure his advisers were people of unquestionable morals. Nevertheless, the week before last, in an interview granted to a foreign magazine, when he was asked about Vladimiro Montesinos he replied rather testily that this was the result of "a campaign by CARETAS, full of falsehoods. Montestinos is not my adviser. He holds no government office, but he is my attorney."

Let us take the president at his word. Let us concede, that is, that Montesinos is a private attorney. Several questions arise anyway.

- In the first place, Montesinos, a former captain, has an office on the second floor of the National Intelligence Service (SIN) building, across the hall from that of his former instructor at the Military Academy in Chorrillos and fellow artillery officer, Julio Salazar Monroe. Salazar, now a general, is the head of the SIN.
- Listed on the payroll as his secretary is Giovanna Gutierrez Soraluz. He also has a team of bodyguards under the command of Major Morales of the Technical Police.
- He is escorted by two Opala vehicles, and he himself is driven around in an elegant Hyundai. On Sundays he is taken to restaurants such as "Manos Morenas" and "Rosa Nautica," and to a secluded place at the "Country Club." (In addition, he frequently visits various well-stocked bookstores in the Miraflores area, as he is known to be a bookworm. He is not a coffee addict, but he does like his "little tea" or an anisette to help him digest his breakfast.)
- His primary occupation is keeping up with what the Anti-Terrorism Office (DIRCOTE) is up to. Reports are requested, and he brings the required information to the Palace and presents it to the president as part of the SIN's cooperative effort. In this the current administration differs from its predecessors; previous presidents sought information directly, not through a single channel.
- His placement is, therefore, suggestive at the very least, and if he is not an adviser, he looks a lot like what everyone considers an adviser to be.
- Regardless of the circumstances, however, his position at the president's side should be weighed and measured with special care, if only because of the "Caesar's wife" phenomenon. It may be recalled that Montesinos was linked to the defense of the generals implicated in the "Villa Coca" case. Every citizen has the right to defense counsel, no matter what crime was committed. But a certain tendency toward relentlessness, if you will, is not in keeping with a strictly legal, objective defense. The generals in question are not the only clients who have been defended by Vladimiro Montesinos, who is by his own admission the president's attorney, (CARETAS 762, 921). He also represented former Attorney General Hugo Denegri Cornejo (CARETAS 1028). Moreover, a known Colombian drug trafficker, who was arrested and later fled the country (CARETAS 1163), was not the only person for whom Montesinos served as a reference so that he could rent a place to live. The history bears repeating:
- On 18 July 1978, Evaristo Porras Ardila, a Colombian drug trafficker linked to the Medellin Cartel as one of its most conspicuous members, was arrested in Lima. Porras was charged by Colombian police with participating in the assassination of Justice Minister Rodrigo Lara Bonilla on 30 April 1984. Lara was assassinated after he claimed that Pablo Escobar, Carlos Lehder, and Congressman Jairo Ortega were conspiring with Porras in drug trafficking.
- Right in the middle of his trial, he was taken to Daniel A. Carrion Hospital in El Callao. From there, having made financial "arrangements" with guards and a few others, he escaped and fled north. Finally, he took off from the Collique flying club in a small plane and headed for Colombia. That was in late 1978.
- Porras, nevertheless, left behind him a thick file that implicated a lot of people in an unfinished case. The defense had been handled, until then, by Magno Romero, who was the victim of an assault and dropped the case. After Romero's defection, Montesinos took over as defense attorney.
- The case continued to wend its way through the courts for a few months, until the representative of the 15th Civil Court of Lima requested the criminal file from the 22nd Investigative Court for use as evidence in a

divorce suit against Carlos Olivera Valle, Porras Ardila's alleged accomplice.

- The case file ended up in the office of Secretary Vilchez on Azangaro Street. From there, without anyone ever explaining how it had happened, it disappeared forever! Vilchez reported a burglary in his offices, but the only thing stolen, oddly enough, was the Porras Ardila file.
- Out of sheer coincidence, Vilchez's son was a friend and classmate of Edgard Solis, currently secretary general of the Justice Ministry, who at that time was the clerk of Vladimiro Montesinos's law office. It should be noted that Augusto Antonioli himself, who as justice minister is now Solis's boss, cut his teeth at the SIN, Montesinos's old stomping grounds.

All of this could be mere coincidence. Two things should be made clear, however. First, judicial officials insist that some documents in Porras Ardila's original file bore the stamped signature of Vladimiro Montesinos as defense counsel. Nothing remains of that file, and a feeble attempt at reconstructing it is being made in the 6th Court. Despite that, a fragment of the story remains, and therefore, in the second place, we should ask ourselves why it was that just when he was having problems with the Military Courts (CARETAS 765), Montesinos was so interested in writing down by hand, some of it in block letters, all the information in the file, the clerk's name, and the interested parties (headed by Evaristo Porras Ardila, underlined) on a paper intended for internal use in his office (see facsimile) [omitted].

Photo Captions

1. p. 41 (upper left): There is no doubt that Vladimiro Montesinos Torres is a successful attorney. His meteoric career, which began after he was discharged from the Army, is enviable by all accounts. As an ambitious man of law, he always took great care with every case he handled. For example, when he defended Evaristo Porras Ardila (a well-known member of the Medellin Cartel), he made the note that appears at left. He underlined the drug trafficker's name to set him apart from the other defendants. To make sure there is no doubt that this is his handwriting, at right is a blow-up of his signature.

2. p. 41 (lower left): Usually former Captain Montesinos Torres visits the Palace under cover of darkness.

* Background of Presidential 'Adviser' Questioned

* Drug Connection Examined

91SM0372A Lima CARETAS in Spanish
10 Jun 91 pp 18-20

[Report by unidentified reporter: "The Adviser: Vladimoro Montesinos Torres and the Case of the Fugitive Client"; first paragraph is editorial introduction]

[Text] About one month ago CARETAS printed an article on a case outstanding against a fugitive Colombian narcotics trafficker in which former Capt Vladimiro Montesinos Torres of the Peruvian Army figures as a witness, lawyer, and guarantor of the accused in renting a house. Information on Montesinos is of interest because he is an adviser to President Fujimori on military, police, and intelligence questions. And his suitability is in question. CARETAS tried to get a new photograph of Montesinos. It was impossible to get one. He is a public figure who hates publicity. His most recent, known photographs are held by OIGA, a publication which supports him, and the National Intelligence Service (SIN), where Montesinos pulls strings on a daily basis. In any case the former Army captain has not changed much in appearance since 1983, when CARETAS took some snapshots of him. The fact is that last week CARETAS obtained other, new photographs of Captain Montesinos. On 6 June an intermediary appeared (He said that he came on his own.) to suggest a deal and a conversation. On the morning of 7 June CARETAS answered, proposing an interview. The intermediary undertook to consult with Montesinos. The response to CARETAS was a judicial notice. Montesinos had deposited a complaint alleging defamation of character against the editor of CARETAS, intending in this way to silence the publication of any information about him. Nevertheless, the judge has made a false statement. CARETAS publishes the following information which it considers is in the national interest.

Being a real estate agent is a reasonable and usually innocent kind of business. On the other hand being the guarantor of a rental lease implies considerable confidence in the person who is guaranteed, since this commitment carries risks with it and, at times, arouses serious suspicions.

Vladimiro Montesinos Torres, an adviser to the president's "kitchen cabinet," seems to be in a predicament of this kind.

On 17 April 1979 in a statement made at the offices of the Directorate of Narcotics Montesinos admitted having met Jaime Tamayo Tamayo, a Colombian citizen, shortly before then, at the beginning of March 1979, for professional reasons and as a lawyer. Tamayo needed a house and a guarantor to rent it. Montesinos reviewed the contract and, with unusual confidence in a client whom he had recently met—and a Colombian, furthermore—he guaranteed Tamayo to the owner of the property on 14 March. In the lease the signature of the two persons appear, side by side. Also appearing are the signatures of the owner and Jorge Balbin Perez, another lawyer, who also signed as a guarantor.

Tamayo moved into the house located at Los Eucaliptos 490, Camacho, but that was not enough for him. At about the same time he rented a second house, located on a small lot at Trujillo 703, Magdalena. Montesinos did not guarantee anything here. However, curiously enough, the owner of the building turned out to be Capt

Leonardo Montoya Portocarrero of the Peruvian Army, an old classmate of his from the Military School. Both houses rented for the same amount of money: $400.

Certainly, a person can rent 200 houses for the same amount of money, and nothing about it is necessarily illegal. At the most it can be expensive.

What was out of the ordinary and is absolutely illegal is that, on the basis of well founded suspicions, the police searched the house and found articles which were not exactly authorized. Tamayo, the Colombian who was a client and had been guaranteed by Vladimiro Montesinos, was hiding 2.5 kilograms of cocaine base in one of the houses (at Los Eucaliptos 490, Camacho). In the other house he had a set of scales, strainers, bags, adhesive tape, and a refrigerator, all of this to pack and store "the goods" properly. The whole installation had been set up in less than one month.

However, the setup was also uncovered very quickly and, in view of the evidence, Montesinos was required by the police and judicial authorities to explain his involvement in the matter. Montesinos' explanation appears in Sworn Statement 213 of the Directorate of Narcotics and in Case 744-85 of the Ninth Criminal Court. There he states that, although in fact his client did not tell him what his business was, even so he guaranteed him, since he was a foreigner without any connections. This version is rather surprising, coming from so cautious a person.

On this occasion neither Judge Manuel Marrull Galvez nor Hernan Atilio Aguirre Moreno, the prosecutor, made much of an effort In their investigations. Curiously, Aguirre appeared in one of the notebooks of Reynaldo Rodriguez Lopez as a "favorite friend." However, after his statement in the Villa Coca case, he appeared no further. And it is appropriate to record a coincidence: the defense attorney of several PIP [Peruvian Investigative Police] generals involved in that case was Montesinos.

Whatever the reason, the judge and the prosecutor accepted the statement by the witness (Montesinos was called before the court in this capacity.), and there the matter was left.

However, the case, which is 10 years old and still pending, is waiting further clarification and necessarily so, in view of the involvement of the principal persons implicated—among them Tamayo, the client of Montesinos. However, as of this date no further clarification has been received. The Ninth Criminal Court in Lima has just issued, for the nth time, a national level arrest order. It must be supposed that this order has the same chance of being implemented as if it were intended to arrest Luis Pardo.

The Loafer

In 1979 the narcotics police knew of the existence of a gang of Colombian narcotics traffickers who were sending cocaine base to Bogota, Cali, and Medellin. An operation was mounted and, after surveillance, Fernando Tomas Chavez Rufones, a Peruvian citizen, was arrested on 3 April 1979 at Jorge Chavez Airport.

He was carrying a small, red, double bottomed suitcase which contained 20 kilograms of cocaine base. His destination was Bogota.

Caught in a tight spot, Chavez confessed and said that the suitcase had been given to him by Alfonso Correa Romero, a Colombian, who said that it contained jewels not declared to the authorities. He said that he would pay Chavez $1,000 to carry the bag, plus taking care of his hotel bill in Colombia and his airline ticket.

Chavez later explained that Correa arranged to meet him at Tambo's restaurant on Avenida Arequipa, where Jaime Tamayo Tamayo and Nelson Castano Cortina, two other Colombians, appeared.

It was Tamayo who really closed the deal. In his statement Chavez said that Tamayo was very well dressed. He telephoned to Colombia to describe Chavez's appearance and gave personal details concerning him.

Following the clues given by Chavez—such as the license number of Castano's Mercedes-Benz—the police raided the house at Los Eucaliptos 490 in Camacho. There they arrested Castano and two Colombians. Later the person who rented the house was sought unsuccessfully.

Of all of those implicated three persons continue to be fugitives: Tamayo and Correa Romero, as well as Jaime Sanchez Blanco, a Peruvian. Chavez and Castano were tried. The former was sentenced to 3 years in prison. The "mule" [narcotics courier] paid the price. Trial was suspended for the fugitives. For narcotics trafficking the courts can sentence individuals for up to 15 years in prison. However, in this case impunity seems to be endless.

This episode ends with documenting what has been a matter of speculation on the role of civilian and military figures, such as retired Brig Gen Luis Cisneros Vizquerra. Former Capt Vladimiro Montesinos Torres not only had serious problems with the military justice system but his career as a lawyer drew him into narcotics trafficking.

* Career Viewed; Suit Filed

91SM0572B Lima CARETAS in Spanish
10 Jun 91 pp 21, 81

[Report by unidentified reporter: 'In the Halls of Power: Covert Style and Machiavellian Vocation"; first paragraph is editorial introduction]

[Text] Among the areas in which Congress has authorized the delegation of powers to the executive branch of the government are those involving pacification and the narcotics traffic. They have been treated as a single subject under the supervision of the defense sector. It was under these circumstances that the name of

Vladimiro Montesinos Torres has again attracted attention and is a matter of concern. His participation in these incidents, which has left the police in a sorry state, the Navy resentful, and part of the Army taking a disapproving view, is very much under discussion. Now the president is seeking to establish a Unified Command for the struggle against subversion, and he needs to set up the Autonomous Authority of Alternative Development (AADA) in the fight against narcotics trafficking. What influence will a personality like Montesinos have in such sensitive areas?

In the corridors of power of this government—rough paths which President Alberto Fujimori has divided into watertight compartments with an impenetrable, imperial style—the name of Vladimiro Montesinos Torres is mentioned with fear and admiration, as well as with hatred and contempt.

To him is attributed the ability to generate a whole series of security sweeps and promotions in the police and military services, in accordance with clever machinations which he reportedly has succeeded in arranging with the president. He is also reported to have the ability to manipulate the National Intelligence Service (SIN).

Does Montesinos have so much power? And how has a former captain in the Peruvian Army who was severely lectured by a military court and retired from the service and a lawyer who seems to have specialized in "difficult" cases in connection with tax and narcotics trafficking matters—how has he been able to climb so rapidly?

A great deal of speculation surrounds Montesinos, a phenomenon which he himself encourages with his clandestine and machivellian behavior. However, there are concrete facts which define the reality.

For example:

- Montesinos is undoubtedly a person of substantial intellect and vigor. Not so much what he showed at the Military School at Chorrillos, where he graduated in eighth place out of 14 students in the artillery branch and had the reputation of having "very close women friends" (as the yearbook of his class says) but much later. Retired Brigadier General Sinesio Jarama, who strongly detests him, says that as an officer he was "lazy" and "spent his time reading." That kind of bad behavior can be attributed to the cultural advantage of having been born a member of the Montesinos family, inbred and radicalized and part of the intellectual aristocracy of Arequipa. Francisco, Vladimiro's father, is a brother of Alfonso Montesinos y Montesinos, an irascible genius of politics and an exceptional member of Parliament. The original family home of the Montesinos family is "La Casa Encantada" [The Enchanted House] of Yanahuara.
- Until 1 May 1973, when Captain Montesinos was appointed an assistant in the office of then Prime Minister Edgardo Mercado Jarrin, his record was that of a modest but energetic officer with ambition. In 1965 he took the parachutist course.
- In 1967 he took another course on "the organization of international conferences" at the Diplomatic Academy. In 1968 he took a postgraduate course in public relations at the Universidad Catolica [Catholic University]. In 1970 he took a course in photo interpretation by correspondence. And so forth. However, until he came to the office of Prime Minister Mercado Jarrin, he was just a jack of all trades.
- However, through good luck (or after his talents were recognized) he was assigned to the office of the prime minister, and there his problems began. He lost highly confidential documents which could have provided details on the purchase of arms from the USSR. Both Prime Minister Mercado as well as Brigadier General Jarama (who supervised the team of assistants to the prime minister) and now retired Brig Gen Rafael Cordoba Rivera, who had been the chief of the Army Intelligence Service, agree in stating that Montesinos took the documents out of the office for 3 days. Mercado eventually said that someone returned them, sliding them under the door of his house. Years later he would recall that Montesinos gave them to him with tears in his eyes, assuming responsibility for removing the documents merely because of his intellectual interest in the subject.
- Mercado pardoned him and in 1974 tried to send him to a course for artillery officers in Brazil. However, Montesinos turned down the offer and preferred to serve under Enrique Gallegos and later under Jorge Fernandez Maldonado until he was overthrown in August 1976. In the intrigues between the supporters and opponents of Velasquez, retired Peruvian Army Maj Jose Fernandez Salvatecci reportedly accused Montesinos of having been a spy in turn for Mercado, Gallegos, and Fernandez Maldonado for the Army Intelligence Service and its changing factions.
- In turn in a memorandum (No. 001-SIE dated 13 July 1990) submitted shortly before he was asked to retire Cordoba stated that it is "very possible" that during those years Montesinos also "sold classified state information to several intelligence services (the US, the USSR, and China)."
- In any case it was in August 1976 that Montesinos forged a travel authorization and went to the United States to give lectures at the RAND Corporation, "falsely alleging that he was a representative of the Peruvian Army," as stated in the damaging memorandum No. 001-SIE. Montesinos was arrested shortly after he returned and discharged on 28 September 1976.
- Cordoba also stated in paragraph 9, sub paragraph 7 of memorandum No. 001-SIE that Montesinos was once found in possession of and outside of his work place "documents which compromise national security and that of the institution, such as: summaries of intelligence, letters of recommendation, passwords, and copies of the OGE [General Organization of the Army]," as well as a "list of units stationed in Tacna, Moquegua, and Arica," etc.

- Nevertheless, in 1977 the Supreme Council of Military Justice found him guilty only of the crime of "making false statements and disobedience." A new charge opened against him for "treason against the country" in October 1983 was set aside in 1984.
- However, in 1985 Gen Guillermo Monzon Arrunategui issued an order prohibiting Montesinos from entering military installations. This order was recently revoked, on 11 July 1990, through the efforts of Office 036-SIN-01, thanks to the influence of the former capitan with President-Elect Fujimori. There is no doubt that the revocation of this order led to the submission of Cordoba's memorandum, a document which in turn caused the replacement of the then chief of the Army Intelligence Service.

The foregoing are references and facts which in turn speak of Montesinos's very tangible power. However, the course of Montesinos's career is much more extensive and complex. And that is why now, when a Unified Command in the executive branch of the government is being formed to combat terrorism and the AADA is being set up to confront the narcotics traffic in the Huallaga Valley, it is necessary to evaluate very seriously the presence of such a special personality.

The Denunciation: a Case of Falsification Against CARETAS

Last week CARETAS had occasion to appreciate the style of Vladimiro Montesinos. On Thursday, 6 June, at 1100 an intermediary of his visited the editorial offices to propose a deal. CARETAS would receive very valuable information on subversion if it stopped criticizing Montesinos. The intermediary stated that he was acting on his own initiative. However, he offered to arrange a conversation with the president's adviser. The editors of CARETAS rejected the idea of a deal which would compromise the freedom of the publication but promised to reflect on the main points in the conversation. On Friday, 7 June, at 1030 the editors telephoned the intermediary to propose a newspaper interview with Montesinos. The intermediary promised to check into the matter and called a second time, indicating that he would telephone once again on that afternoon. This never happened.

On the other hand what was delivered to CARETAS was a judicial notice from the 41st Instructional [Investigative] Court, opening a case involving a surprising complaint against Enrique Zileri Gibson [the editor of CARETAS] for defamation of character. The plaintiff was Montesinos. The reason given was the publication of a not very important article in CARETAS in August 1990.

The text of the notice reveals its intention. It refers to the obligation to avoid using the magazine or any other medium of communication to refer to the plaintiff and/or to statements or facts imputed to him.

However, it turned out that Ms Mercedes Tello Pineiro, the judge, in handling the complaint with unusual speed, alluded to Article 317 of the Code of Criminal Procedure to silence CARETAS. This article is only applied in cases of apology for a crime and has nothing to do with an alleged act of defamation through the use of the press.

Therefore, CARETAS has submitted a complaint to the Fourth Criminal Court of Lima against the judge for making a false statement and has requested that the matter be heard before the proper court.

Photo Captions

1. p. 19 (center right): Refrigerator to store PBC [Cocaine Base] in a house rented by Jaime Tamayo, a client of Montesinos.

2. p. 19 (lower right): Lease in which Doctor Montesinos guaranteed the Colombian narcotics trafficker.

3. p. 20 (center left): Documents from Case 744-85 before the Ninth Criminal Court.

4. p. 20 (center): Fernando Chavez, a narcotics courier who was arrested in possession of 30 kg at the airport.

5. p. 21 (upper left): "Vladi" Montesinos, an artillery cadet at the Military School in Chorrillos in 1966. Now he has an office in the SIN [National Intelligence Service].

6. p. 21 (lower left): office of the SIN.

Uruguay

Armed Forces To Control Nuclear Plant Reported

PY1007190091 Montevideo LA HORA POPULAR in Spanish 7 Jul 91 p 8

[Reported by Aldo Garcia]

[Excerpt] According to an official report handed to LA HORA POPULAR, the project for the construction of a nuclear plant which is being analyzed by the Uruguayan Government foresees the nuclear plant under the control of the Armed Forces this type of project is a national security issue and because radioactive elements like plutonium could be used for military purpose. Although reports on the feasibility studies were released in mid-1990, the construction of the nuclear plant was made public in March 1991. The issue that raised most consternation at the time was the cost of the project, which according to Engineer Carlos Riet, director of the National Energy Directorate, will amount to some $1.2 billion. The matter was again analyzed during a meeting of military men of the countries which will make up the Common Market of the South [Mercosur], considering Brazil and Argentina's experience in that field. Also, Chile may be considered, given its experience in the production of missiles during the time of former President Augusto Pinochet.

Although official spokesmen have never actually mentioned the matter, the nuclear plant to be built in Paso de los Toros will be placed under the control of the Defense

Ministry, particularly under the Armed Forces, because the plant may have other than civilian implications, as occurs in other countries. This decision has been taken because a nuclear plant should be strictly controlled in light of the danger it could imply for the national security and also because some of the nuclear elements or nuclear waste may have other uses, such as the case of the plutonium which is used in the materiel industry.

During a meeting held in Uruguay to discuss the development of nuclear power in the continent, it was noted that nuclear plants provide a greater potential for the use of the electricity, which is directly related to the demands of industrial development. Uruguayan President Luis Alberto Lacalle said that the people must be informed of the advantages of installing a nuclear plant in the country.

The cost of constructing a nuclear plant in Uruguay is one of the controversial issues. Nuclear Physicist Jose Arias Chavez, a professor of the Mexican Autonomous University, said during a conference at the National Ecology School, that "no (nuclear) plant can be built for less than $2.5 billion," which is more than twice the Uruguayan Government's first estimate.

Arias said that the costs included in the project have "never" been complied with, not only in the countries of the region but in the United States, "where supporters of the nuclear industry in the 1980's said that the cost was approximately $1,000 per installed kilowatt. The Nuclear Regulatory Commission has admitted that the current cost is between $4,000 and $5,000 per installed kilowatt, as a result of the security systems that must have to be adopted to prevent catastrophes like that in Chernobyl and in Three Mile Island in the United States. Consequently, the reactors which are in storage—because the number of reactors surpassed the demand of the governments of the developed countries which have subsequently reduced their nuclear projects in view of increasing social and political pressure—is approximately of 500 MW—mega (million) watts—which implies that the cost of installing a nuclear plant in our countries will be approximately $2.5 billion in light of the costs recently released by the U.S. Government. [sentence as published]

Those who promote the construction of a nuclear plant in Uruguay have stated that the plant will be build with technology similar to that used for the construction of the Atucha I nuclear plant in Argentina. Ecological groups, however, have denounced that this plant has lost approximately 50 tons of heavy water, the greatest amount ever in the world to have been lost. This report was confirmed by Dr. Jose Westerkamp, a physics professor at the Buenos Aires University.

The report records the history of the plant: It was shut down for four months in 1974 and again twice in 1975. It experienced serious failures in 1983, 1984, 1985, and in August 1987. On 22 December 1987 the plant lost 50 tons of radioactive heavy water and had to be shut down for 150 days. It was shut down again between August 1988 and January 1990.

Specialists working in Uruguay have stated that the Atucha power plant "has a very good record." They also advocate the construction of a nuclear plant with similar characteristics in Paso de los Toros. [passage omitted]